

# The Corporation of the City of St. Catharines, Ontario

## **Financial Statements**

**Year ended December 31, 2021**

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Consolidated Financial Statements of

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

And Independent Auditors' Report thereon

Year ended December 31, 2021

## 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: Oct. 11, 2022



David Oakes  
Chief Administrative Officer

Date: Oct. 5/2022



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## 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, 2021
- 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, 2021, 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.

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



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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.

- 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.



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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 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*

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Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

September 27, 2022

# 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, 2021, with comparative information for 2020

(In thousands of dollars)

	2021	2020
<b>Financial Assets</b>		
Cash	\$ 108,787	\$ 85,369
Investments (note 2)	24,994	30,138
Taxes receivable	8,456	6,927
Accounts receivable	25,310	27,389
Inventories held for resale	117	146
Loans receivable (note 3)	845	926
Note receivable - St. Catharines Hydro Inc. (note 4)	7,754	7,754
Other asset (note 19)	7,185	3,000
Investment in St. Catharines Hydro Inc. (note 4)	105,472	91,181
	<u>288,920</u>	<u>252,830</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 5)	49,557	40,195
Deferred revenue - obligatory reserve funds (note 6)	30,723	29,722
Other current liabilities	7,604	6,524
Post-employment benefits (note 7)	18,310	18,139
Other liabilities (note 9)	9,564	11,212
Landfill post-closure liability (note 16)	4,174	2,838
Net long-term liabilities (note 10)	113,463	118,908
	<u>233,395</u>	<u>227,538</u>
Net financial assets	55,525	25,292
<b>Non-Financial Assets</b>		
Tangible capital assets (schedule 1)	777,084	763,468
Inventories	1,781	1,553
Prepaid expenses	2,286	2,111
	<u>781,151</u>	<u>767,132</u>
Contractual obligations and commitments (note 14)		
Contingent liabilities (note 15)		
Accumulated surplus (note 11)	\$ 836,676	\$ 792,424

See accompanying notes to consolidated financial statements.

Signed on behalf of the City:

  
\_\_\_\_\_  
Mayor

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

Chief Administrative Officer



# THE CORPORATION OF THE CITY OF ST. CATHARINES

## Consolidated Statement of Operations

Year ended December 31, 2021, with comparative information for 2020  
(In thousands of dollars)

	Budget (note 18)	2021	2020
<b>Revenue:</b>			
Taxation	\$ 113,909	\$ 116,504	\$ 113,020
User fees and charges	85,354	76,153	72,913
Government grants (note 17)	17,923	27,447	16,121
Interest and penalties	2,151	1,966	1,704
Investment income	871	1,434	1,709
Donations	—	700	539
Other	93	8,351	8,148
Developer contributed tangible capital assets	—	5,098	16,107
Equity income in St. Catharines			
Hydro Inc. (note 4)	4,028	18,970	6,599
Loss on disposal of tangible capital assets	—	(296)	(300)
	<u>224,329</u>	<u>256,327</u>	<u>236,560</u>
<b>Expenses:</b>			
General government	20,559	19,899	19,491
Protection to persons and property	34,347	35,422	33,131
Transportation services	56,350	54,257	52,918
Environmental services	54,809	53,762	52,846
Health services	2,784	2,793	2,915
Social and family services	413	364	244
Recreation and cultural services	38,181	37,978	36,015
Planning and development	7,907	7,600	6,431
	<u>215,350</u>	<u>212,075</u>	<u>203,991</u>
Annual surplus	8,979	44,252	32,569
Accumulated surplus, beginning of year	792,424	792,424	759,855
Accumulated surplus, end of year	<u>\$ 801,403</u>	<u>\$ 836,676</u>	<u>\$ 792,424</u>

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, 2021, with comparative information for 2020  
(In thousands of dollars)

	2021	2020
Annual surplus	\$ 44,252	\$ 32,569
Acquisition of tangible capital assets	(39,674)	(29,672)
Amortization of tangible capital assets	30,249	29,791
Loss on disposal of tangible capital assets	296	300
Developer contributed tangible capital assets	(5,098)	(16,107)
Proceeds on disposal of tangible capital assets	611	696
Change in inventories	(228)	3
Change in prepaid expenses	(175)	(223)
	30,233	17,357
Net financial assets, beginning of year	25,292	7,935
Net financial assets, end of year	\$ 55,525	\$ 25,292

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## Consolidated Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020  
(In thousands of dollars)

	2021	2020
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 44,252	\$ 32,569
Items not involving cash:		
Amortization of tangible capital assets	30,249	29,791
Loss on disposal of tangible capital assets	296	300
Developer contributed tangible capital assets	(5,098)	(16,107)
Income from St. Catharines Hydro Inc.	(18,416)	(6,044)
	7,031	7,940
Change in non-cash assets and liabilities:		
Change in taxes receivable	(1,529)	3,237
Change in accounts receivable	2,079	(5,703)
Change in loans receivable	81	100
Change in inventories, total	(199)	(26)
Change in other financial assets	(4,185)	(3,000)
Change in prepaid expenses	(175)	(223)
Change in accounts payable and accrued liabilities	9,316	1,448
Change in deferred revenue - obligatory reserve funds	1,001	5,975
Change in other current liabilities	1,080	(1,040)
Change in post-employment benefits	217	198
Change in landfill post-closure liability	1,336	133
	9,022	1,099
Net increase in cash from operations	60,305	41,608
Capital:		
Acquisition of tangible capital assets	(39,674)	(29,672)
Proceeds on disposal of tangible capital assets	611	696
Net decrease in cash used in capital activities	(39,063)	(28,976)
Investing:		
Dividends received from St. Catharines Hydro Inc.	4,125	3,855
Change in investments	5,144	6,589
Net increase in cash from investing activities	9,269	10,444
Financing		
Repayment of NHS obligation	(1,648)	(1,570)
Long-term debt issued	8,500	13,444
Long-term debt repaid	(13,945)	(12,886)
Net increase in cash used in financing activities	(7,093)	(1,012)
Increase in cash	23,418	22,064
Cash, beginning of year	85,369	63,305
Cash, end of year	\$ 108,787	\$ 85,369

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(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
- 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 2020, 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, 2021  
(In thousands of dollars)

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## 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, 2021  
(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	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

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021  
(In thousands of dollars)

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## 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, 2021  
(In thousands of dollars)

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## 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, 2021 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, 2021  
(In thousands of dollars)

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## 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 (2020 - \$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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2022	\$	101
2023		101
2024		101
2025		101
2026		101
Thereafter		340
<b>Total</b>	<b>\$</b>	<b>845</b>

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# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021  
(In thousands of dollars)

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

	2021	2020
Statement of financial position:		
Current assets	\$ 8,520	\$ 6,832
Investments	113,700	95,393
Capital assets	13,497	13,844
Deferred tax asset	67	547
<b>Total assets</b>	<b>135,784</b>	<b>116,616</b>
Current liabilities	339	290
Long-term note payable***	7,754	7,754
Deferred tax liability	22,219	17,391
<b>Total liabilities</b>	<b>30,312</b>	<b>25,435</b>
<b>Shareholder equity</b>	<b>\$ 105,472</b>	<b>\$ 91,181</b>

	2021	2020
Statement of comprehensive income		
Revenue	\$ 25,815	\$ 8,848
Expenses (including income tax provision)	7,399	2,804
<b>Net income</b>	<b>18,416</b>	<b>6,044</b>
<b>Total net income and comprehensive income</b>	<b>\$ 18,416</b>	<b>\$ 6,044</b>

### The equity in St. Catharines Hydro Inc.:

	2021	2020
Opening balance	\$ 91,181	\$ 88,992
Comprehensive income	18,416	6,044
Dividends received	(4,125)	(3,855)
<b>Total assets and regulatory balances</b>	<b>\$ 105,472</b>	<b>\$ 91,181</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, 2023. During the year, the City received \$554 (2020 - \$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.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021  
(In thousands of dollars)

## 5. Accounts payable and accrued liabilities:

The accounts payable balance is as follows:

	2021	2020
Trade accounts payable	\$ 10,527	\$ 8,481
Payables to other governments	13,276	6,227
Payables to school boards	37	–
Tax Allowance	8,242	8,027
Special deposits	4,285	3,460
Accrued wages and benefits	3,413	4,054
Debenture interest	1,005	1,278
AD&D arbitration liability	1,938	1,783
Other	6,834	6,885
<b>Total</b>	<b>\$ 49,557</b>	<b>\$ 40,195</b>

## 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:

	2020	Externally restricted inflows	Revenue earned	2021
Import and development	\$ 4,036	\$ 32	\$ 30	\$ 4,038
Subdivider deposits	900	–	370	530
Planning Act	5,790	1,030	–	6,820
Future sidewalks	1,290	115	–	1,405
Gasoline tax - provincial	4,617	690	1,995	3,312
Canada Community-Building Fund (formerly Gasoline tax – federal)	13,089	8,425	6,896	14,618
<b>Total</b>	<b>\$ 29,722</b>	<b>\$ 10,292</b>	<b>\$ 9,291</b>	<b>\$ 30,723</b>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021  
(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 2.90% (2020 - 2.90%).

The City has established a reserve for the accumulated sick leave liability. The balance as at December 31, 2021 is \$1,207 (2020 - \$1,362).

	2021	2020
Accrued benefit obligation, beginning of year	\$ 18,296	\$ 18,157
Interest	541	537
Payments	(1,566)	(1,502)
Current service cost - benefits	1,136	1,104
	18,407	18,296
Unamortized actuarial loss	(97)	(157)
Liability, end of year	\$ 18,310	\$ 18,139

Amortization of the net actuarial loss of \$60 (2020 - \$59) 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, 2021  
(In thousands of dollars)

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## 8. 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, 2021, no credit has been drawn upon (2020 - \$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:

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2022	\$	2,209
2023		2,209
2024		2,209
2025		2,209
2026		2,209
		<hr/>
		11,045
Interest		(1,481)
		<hr/>
	\$	9,564

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# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021  
(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:

	2021	2020
Serial debentures issued by Region of Niagara, beginning of year	\$ 111,383	\$ 110,644
Less: principal repayment	(13,764)	(12,705)
Add: new debt issued	8,500	13,444
<b>Total serial debentures</b>	<b>106,119</b>	<b>111,383</b>
Sinking fund debenture, beginning on year	9,333	9,333
Less: Sinking fund assets	(1,989)	(1,808)
<b>Total sinking fund debenture</b>	<b>7,344</b>	<b>7,525</b>
<b>Net long-term debentures, end of year</b>	<b>\$ 113,463</b>	<b>\$ 118,908</b>

Interest rates on serial debentures range from 1.39% to 4.80%.

2022	\$ 15,087
2023	13,511
2024	12,582
2025	11,081
2026	9,982
Thereafter	51,220
	<b>\$ 113,463</b>

- (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 \$3,991 (2020 - \$4,267).

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021  
(In thousands of dollars)

## 11. Accumulated surplus:

	2021	2020
Invested in tangible capital assets	\$ 777,084	\$ 763,468
Unexpended capital financing	12,025	18,695
Operating fund	12,017	8,013
Reserves and reserve funds	62,837	54,163
Other asset (note 19)	7,185	3,000
<b>Equity in St. Catharines Hydro Inc.</b>	<b>113,226</b>	<b>98,935</b>
	<b>984,374</b>	<b>946,274</b>
Amounts to be recovered:		
Post-employment benefits	(18,356)	(18,191)
Landfill post-closure liability	(4,174)	(2,838)
Net long-term liabilities	(115,604)	(121,609)
Hospital obligation	(9,564)	(11,212)
	<b>(147,698)</b>	<b>(153,850)</b>
	<b>\$ 836,676</b>	<b>\$ 792,424</b>

### (a) Operating fund balance:

	2021	2020
To be applied in the following year to operations:		
Operating fund	\$ 2,430	\$ 1,226
First Ontario Performing Art Centre	30	22
Airport commission	437	412
To be applied to water operations for the following year	9,120	6,353
	<b>\$ 12,017</b>	<b>\$ 8,013</b>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021  
(In thousands of dollars)

## 11. Accumulated surplus (continued):

(b) Reserves and reserve fund balances:

	2021	2020
Reserves set aside by council for specific purposes:		
Replacement of equipment	\$ 7,062	\$ 6,637
Cumulative sick leave	1,207	1,362
Library purposes	5,232	5,310
Encumbrances	10,369	8,407
Building improvements	2,604	1,935
Cemetery	19	19
Hydro funds	1,836	1,837
Winter control	1,510	1,103
Tax rate stabilization	4,284	3,471
Infrastructure levy	3,428	2,509
Litigation/insurance	739	658
Election reserve	650	100
Meridian Centre capital	425	425
Community Improvement Plan Funds	7,225	6,765
Sewer capital	633	(220)
FAIR program	30	-
Fallen Worker Memorial	235	-
Green Initiatives	372	-
Parks	16	-
FirstOntario Performing Arts Centre capital	397	367
	48,273	40,685
Reserves set aside by council for specific purposes:		
Actifest	6	6
Business improvement purposes	100	38
Civic Project Fund	9,733	9,365
Mausoleum	568	505
St Catharines Transit Commission Reserves	2,806	2,322
Parking	982	1,049
FirstOntario Performing Arts Centre	369	193
	14,564	13,478
	\$ 62,837	\$ 54,163

## 12. Trust funds:

Trust funds administered by the City amounting to \$10,150 (2020 - \$9,963) 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, 2021  
(In thousands of dollars)

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## 13. Pension agreements:

The City makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 991 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 \$3.1 billion as of December 31, 2021 (2020 - \$3.2 billion).

The amount contributed to OMERS for 2021 was \$7,168 (2020 - \$6,877) for current service and is included as an expense in the Consolidated Statement of Operations.

There was no change in contribution rates in 2021. 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, 2021 is approximately \$51,222 (2020 - \$41,801) after deducting the expenditures incurred as at December 31, 2021. 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 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.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021  
(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 2046 and have been inflation adjusted at 4.0% (2020 - 1.5%) per annum. These costs were then discounted to December 31, 2021 using a discount rate of 2.9% (2020 - 2.9%).

The total monitoring costs are estimated to be \$6,039 (2020 - \$4,059) over the estimated monitoring period before applying the discount rate. The liability for post-closure as at December 31, 2021 is \$4,174 (2020 - \$2,838). Estimated annual expenditures for post-closure care are \$145 (2020 - \$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	2021	2020
Municipal grants:			
Region of Niagara	\$ (623)	\$ (623)	\$ 2,479
Provincial grants:			
Ontario Municipal Partnership Fund	365	365	429
Safe Restart	–	3,668	5,672
Safe Restart – Transit	–	5,413	3,149
Provincial gas tax	1,995	1,995	251
Planning and Development	–	318	362
Other Provincial Grants	1,593	1,192	584
	3,953	12,951	10,447
Federal grants:			
Canada Community-Building Fund (formerly Federal Gas Tax)	6,896	6,896	1,717
Public Transit Infrastructure Funds	–	–	572
Investing in Canada Infrastructure Program	7,149	7,149	–
Other Federal Grants	548	1,074	906
	14,593	15,119	3,195
<b>Total revenues</b>	<b>\$ 17,923</b>	<b>\$ 27,447</b>	<b>\$ 16,121</b>
Expenses:			
Charitable and non-profit organizations	\$ 400	\$ 432	\$ 427
<b>Total expenses</b>	<b>\$ 400</b>	<b>\$ 432</b>	<b>\$ 427</b>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021  
(In thousands of dollars)

## 18. Budget figures:

The Budget data presented in these consolidated financial statements are based upon the 2021 operating and capital budgets approved by Council on December 14, 2020. 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	\$ 121,260
Add:	
Revenue in expense departments	15,240
Parking revenues	3,386
Water and wastewater revenues	55,234
Transit revenue	10,869
Library revenue	347
Airport revenue	278
Grants in capital budget	15,902
Hospital Levy	2,209
CIP expenses in revenue budget	1,250
Less:	
Transfers from reserve in revenue budget	(1,646)
Total budgeted revenue	224,329
Expenses:	
Operating budget as approved	\$ 121,260
Add:	
Revenue included in expense departments	15,240
Amortization - City	28,953
Transfers from reserve	4,397
Water and wastewater expenses	55,755
Parking expenses	3,468
Transit expenses	26,631
Library expenses	6,714
Airport expenses	743
BIAs expenses	368
Hospital Interest Expense	561
CIP expenses included in revenue	1,250
Employee future benefits and closed landfill liability	1,578
Less:	
Debt principal payments	(13,764)
Transfer to sinking fund	(181)
Transfers to reserve	(4,484)
Transfer to transit	(13,637)
Transfer to library	(5,677)
Transfer to airport	(437)
Transfer to FOPAC	(1,658)
Transfer to capital	(2,150)
Water and wastewater capital	(9,580)
Total budgeted expenses	215,350
Budgeted surplus	\$ 8,979

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021  
(In thousands of dollars)

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## 19. Other asset:

During the year, the City contributed \$4,185 (2020 - \$3,000) related to the City's overall \$10 million commitment to the Canada Summer 2022 games. As part of this commitment, the City and other unrelated parties have entered into a Consortium agreement. 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, 2021  
(In thousands of dollars)

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## 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, 2021

<b>2021</b>	General Government	Protection	Transportation	Environment	Recreation/ Culture	Total
<b>Revenue:</b>						
Taxation	\$ 26,467	\$ 25,782	\$ 32,969	\$ 2,282	\$ 26,581	\$ 114,081
Taxation from other governments	562	548	700	48	565	2,423
User fees and charges	4,604	1,381	11,354	57,175	1,639	76,153
Government grants	5,441	3,135	17,050	665	1,156	27,447
Interest and penalties	456	444	569	39	458	1,966
Investment income	454	269	351	24	336	1,434
Donations	9	–	3	–	688	700
Other (including developer contributed TCA)	682	3,063	1,617	4,779	3,308	13,449
Equity income in St. Catharines						
Hydro Inc.	18,970	–	–	–	–	18,970
Gain (loss) on disposal of capital assets	293	–	–	(88)	(501)	(296)
<b>Total revenues</b>	<b>57,938</b>	<b>34,622</b>	<b>64,613</b>	<b>64,924</b>	<b>34,230</b>	<b>256,327</b>
<b>Expenses:</b>						
Salaries and wages	17,863	29,250	27,153	6,556	16,712	97,534
Operating materials and supplies	5,619	1,649	9,814	36,017	8,832	61,931
Contracted services	3,250	1,874	4,393	2,908	3,130	15,555
Rents and financial expenses	274	224	436	2	206	1,142
Interfunctional transfers	(455)	1,107	(2,194)	1,542	–	–
External transfer	1,661	–	–	–	12	1,673
Amortization	1,606	1,171	13,551	6,385	7,536	30,249
Debt service	838	147	1,104	352	1,550	3,991
<b>Total expenses</b>	<b>30,656</b>	<b>35,422</b>	<b>54,257</b>	<b>53,762</b>	<b>37,978</b>	<b>212,075</b>
<b>Annual surplus (deficit)</b>	<b>\$ 27,282</b>	<b>\$ (800)</b>	<b>\$ 10,356</b>	<b>\$ 11,162</b>	<b>\$ (3,748)</b>	<b>\$ 44,252</b>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Note 20 – Segmented reporting (continued)

Year ended December 31, 2021

<b>2020</b>	General Government	Protection	Transportation	Environment	Recreation/ Culture	Total
<b>Revenue:</b>						
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)
<b>Total revenues</b>	<b>39,226</b>	<b>33,742</b>	<b>55,099</b>	<b>74,953</b>	<b>33,540</b>	<b>236,560</b>
<b>Expenses:</b>						
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
<b>Total expenses</b>	<b>29,081</b>	<b>33,131</b>	<b>52,918</b>	<b>52,846</b>	<b>36,015</b>	<b>203,991</b>
<b>Annual surplus (deficit)</b>	<b>\$ 10,145</b>	<b>\$ 611</b>	<b>\$ 2,181</b>	<b>\$ 22,107</b>	<b>\$ (2,475)</b>	<b>\$ 32,569</b>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

(In thousands of dollars)

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## 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 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 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 \$9,081 (2020 - \$8,821), as described in note 17, 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, 2021

(In thousands of dollars)

2021	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	\$ 42,883	\$ -	\$ 6	\$ 42,877	\$ -	\$ -	\$ -	\$ -	\$ 42,877
Land improvements	74,142	4,114	133	78,123	35,492	1,975	79	37,388	40,735
Buildings, improvements and components	253,964	3,709	838	256,835	70,603	6,302	268	76,637	180,198
Machinery and equipment	27,453	1,304	2,362	26,395	16,658	1,767	2,141	16,284	10,111
Furniture and fixtures	11,316	175	67	11,424	5,165	618	66	5,717	5,707
Information technology	13,336	1,180	279	14,237	8,163	1,535	272	9,426	4,811
Vehicles	54,466	8,961	4,911	58,516	37,491	3,037	4,911	35,617	22,899
	477,560	19,443	8,596	488,407	173,572	15,234	7,737	181,069	307,338
Infrastructure:									
Land	2,280	-	-	2,280	-	-	-	-	2,280
Land improvements	11,948	1,303	74	13,177	3,980	260	71	4,169	9,008
Buildings, improvements and components	35,480	-	-	35,480	12,021	984	-	13,005	22,475
Machinery and equipment	26,423	539	309	26,653	11,721	1,351	252	12,820	13,833
Information technology	477	53	-	530	167	83	-	250	280
Vehicles	10,623	762	1,556	9,829	5,991	789	1,556	5,224	4,605
Linear	699,755	16,803	1,609	714,949	329,738	11,547	1,269	340,016	374,933
	786,986	19,460	3,548	802,898	363,618	15,014	3,148	375,484	427,414
Work in progress:									
Opening balance	127,073	26,610	-	153,683	-	-	-	-	153,683
Internal transfers	(90,961)	(20,390)	-	(111,351)	-	-	-	-	(111,351)
Subtotal: Work in progress	36,112	6,220	-	42,332	-	-	-	-	42,332
<b>Total December 2021</b>	<b>\$ 1,300,658</b>	<b>\$ 45,123</b>	<b>\$ 12,144</b>	<b>\$ 1,333,637</b>	<b>\$ 537,190</b>	<b>\$ 30,248</b>	<b>\$ 10,885</b>	<b>\$ 556,553</b>	<b>\$ 777,084</b>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## Schedule 1 - Tangible Capital Assets (continued)

Year ended December 31, 2021

(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
<b>Total December 2021</b>	<b>\$ 1,262,729</b>	<b>\$ 45,779</b>	<b>\$ 7,850</b>	<b>\$ 1,300,658</b>	<b>\$ 514,253</b>	<b>\$ 29,791</b>	<b>\$ 6,854</b>	<b>\$ 537,190</b>	<b>\$ 763,468</b>



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## 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, 2021
- 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, 2021, 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.

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.

Handwritten signature of KPMG LLP in black ink, with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

September 27, 2022

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## Statement of Financial Position - Trust Funds

As at December 31, 2021, with comparative information for 2020

(In thousands of dollars)

	Cemetery Perpetual Care Fund	Marker Care and Maintenance Fund	Memorial Forest	2021 Total	2020 Total
<b>Financial assets</b>					
Cash	\$ 3,291	\$ 20	\$ –	\$ 3,311	\$ 184
Investments	5,823	591	–	6,414	7,451
Accrued interest	337	66	–	403	427
Due from operating fund	6	–	16	22	1,963
	<b>\$ 9,457</b>	<b>\$ 677</b>	<b>\$ 16</b>	<b>\$ 10,150</b>	<b>\$ 10,025</b>
<b>Liabilities</b>					
Due to operating fund	\$ –	\$ –	\$ –	\$ –	\$ 62
<b>Accumulated surplus and net financial assets</b>					
	<b>\$ 9,457</b>	<b>\$ 677</b>	<b>\$ 16</b>	<b>\$ 10,150</b>	<b>\$ 10,025</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, 2021, with comparative information for 2020

(In thousands of dollars)

	Cemetery Perpetual Care Fund	Marker Care and Maintenance Fund	Memorial Forest	2021 Total	2020 Total
<b>Receipts:</b>					
Sales of plots, crypts and markers	\$ 168	\$ 16	\$ –	\$ 184	\$ 235
Interest	161	16	–	177	209
Donations	–	–	14	14	3
	329	32	14	375	447
<b>Expenditures</b>					
Contribution to operating fund	161	16	–	177	209
Administration	–	–	11	11	5
	161	16	11	188	214
Annual surplus	168	16	3	187	233
Accumulated surplus, beginning of year	9,289	661	13	9,963	9,730
Accumulated surplus, end of year	\$ 9,457	\$ 677	\$ 16	\$ 10,150	\$ 9,963

See accompanying notes to financial statements.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## Notes to Trust Funds Financial Statements

Year ended December 31, 2021

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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 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.



Financial Statements of

**ST. CATHARINES DOWNTOWN  
ASSOCIATION**

And Independent Auditors' Report thereon

Year ended December 31, 2021



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## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

We have audited the accompanying financial statements of the St. Catharines Downtown Association (the Entity), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net financial assets (debt) for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedule to the 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 financial position of the St. Catharines Downtown Association as at December 31, 2021, and its results of operations, its changes in net financial assets (net debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

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

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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' 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 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 conclusions are 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 represents 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  
February 28, 2022

# ST. CATHARINES DOWNTOWN ASSOCIATION

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Year ended December 31, 2021

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# ST. CATHARINES DOWNTOWN ASSOCIATION

## Statement of Financial Position

As at December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Cash	\$ 57,923	\$ 51,946
Accounts receivable (note 3)	38,880	12,316
	<u>96,803</u>	<u>64,262</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	13,336	43,447
Provision for redemption of parking tokens (note 4)	396	500
	<u>13,732</u>	<u>43,947</u>
Net financial assets	83,071	20,315
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	58,158	74,174
Prepaid expenses	16,888	16,888
	<u>75,046</u>	<u>91,062</u>
Accumulated surplus (note 5)	\$ 158,117	\$ 111,377

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# ST. CATHARINES DOWNTOWN ASSOCIATION

## Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 7)	2021	2020
Revenue:			
Member levy (note 3)	\$ 368,465	\$ 370,060	\$ 372,732
City of St. Catharines grants (note 3)	-	28,141	-
Marketing	-	41	154
Christmas events	-	-	2,935
Art city	-	-	2,000
Other income/recovery	-	2,319	7,495
Total revenue	368,465	400,561	385,316
Expenses: (Schedule)			
Administration	182,415	197,369	172,290
Amortization	-	21,866	28,072
Development	37,300	46,179	15,898
Events	57,000	27,590	81,801
Media and visual marketing	91,750	60,817	86,819
Total expenses	368,465	353,821	384,880
Annual surplus	-	46,740	436
Accumulated surplus, beginning of year	111,377	111,377	110,941
Accumulated surplus, end of year	\$ 111,377	\$ 158,117	\$ 111,377

See accompanying notes to financial statements.

# ST. CATHARINES DOWNTOWN ASSOCIATION

## Statement of Changes in Net Financial Assets (Debt)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual surplus	\$ 46,740	\$ 436
Acquisition of tangible capital assets	(5,850)	-
Amortization of tangible capital assets	21,866	28,072
Prepaid expenses	-	3,391
Change in net financial assets	62,756	31,899
Net financial (debt) assets, beginning of year	20,315	(11,584)
Net financial assets, end of year	\$ 83,071	\$ 20,315

See accompanying notes to financial statements.



# ST. CATHARINES DOWNTOWN ASSOCIATION

## Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 46,740	\$ 436
Items not involving cash:		
Amortization	21,866	28,072
Parking token recovery	-	(7,495)
Changes in non-cash assets and liabilities:		
Accounts payable and accrued liabilities	(30,111)	(36,417)
Accounts receivable	(26,564)	19,097
Provision for redemption of parking tokens	(104)	(171)
Prepaid expenses	-	3,391
Net change in cash from operating activities	11,827	6,913
Capital activities:		
Cash used to acquire tangible capital assets	(5,850)	-
Net increase in cash	5,977	6,913
Cash, beginning of year	51,946	45,033
Cash, end of year	\$ 57,923	\$ 51,946

See accompanying notes to financial statements.

# ST. CATHARINES DOWNTOWN ASSOCIATION

## Notes to Financial Statements

Year ended December 31, 2021

---

The St. Catharines Downtown Association (the "Association") was established by the Council of the City of St. Catharines in 1973 pursuant to the Municipal Act. The Association has been entrusted with the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the Association area, beyond such expenditures by the City of St. Catharines. The Association is also responsible for the promotion of this improvement area for business and shopping. The Association is financed by a special levy charged upon businesses in the improvement area.

### 1. Significant accounting policies:

The financial statements of the Association are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") established by the Public Sector Accounting Board of CPA Canada. Significant accounting policies adopted by the Association are as follows:

(a) Basis of accounting:

The Association follows 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 the creation of a legal obligation to pay.

(b) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(c) Other income:

Other income is reported as revenue in the period earned.

# ST. CATHARINES DOWNTOWN ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

---

## 1. Significant accounting policies (continued):

### (d) 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 which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life - years
Computers	3
Garbage receptacles	10
Holiday décor	5
Kiosks	20

---

### (e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

# ST. CATHARINES DOWNTOWN ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 2. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Computers	\$ 744	\$ 5,850	\$ -	\$ 6,594
Garbage receptacles	12,818	-	-	12,818
Holiday decor	131,963	-	-	131,963
Kiosks	12,423	-	-	12,423
<b>Total</b>	<b>\$ 157,948</b>	<b>\$ 5,850</b>	<b>\$ -</b>	<b>\$ 163,798</b>

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Computers	\$ 744	\$ -	\$ 375	\$ 1,119
Garbage receptacles	12,402	-	416	12,818
Holiday decor	58,205	-	21,075	79,280
Kiosks	12,423	-	-	12,423
<b>Total</b>	<b>\$ 83,774</b>	<b>\$ -</b>	<b>\$ 21,866</b>	<b>\$ 105,640</b>

	Net book value December 31, 2020	Net book value December 31, 2021
Computers	\$ -	\$ 5,475
Garbage receptacles	416	-
Holiday decor	73,758	52,683
Kiosks	-	-
<b>Total</b>	<b>\$ 74,174</b>	<b>\$ 58,158</b>

(a) Contributed tangible capital assets:

The Association received no contributed tangible capital assets in 2021 or 2020.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Association has not recorded write-downs of tangible capital assets during the year or 2020.

# ST. CATHARINES DOWNTOWN ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

### 3. Related party transactions:

Transactions with related parties are measured at the carrying amount. During the year, the Association recorded the following transactions with The Corporation of the City of St. Catharines:

Revenue:

	2021	2020
Member levy collected on behalf of the Association	\$ 384,549	\$ 384,431
Supplemental taxes	2,689	25,505
Taxes written-off	(12,588)	(23,880)
Vacancy Rebates	(2,878)	(11,906)
Charity Rebates	(1,712)	(1,418)
	\$ 370,060	\$ 372,732

The City of St. Catharines also contributed \$28,141 (2020 - \$2,935) to the Association in support of the annual Christmas events held within the Association. Included in accounts receivable at the end of the year is a receivable from the City of St. Catharines for the annual Christmas grant of \$28,141 (2020 - \$935).

During the year, the Association transacted with members of key management in the amount of \$17,986 (2020 - \$15,426) for leased premises.

### 4. Provision for redemption of parking tokens:

The provision for redemption of parking tokens in the amount of \$396 (2020 - \$500) represents the estimated value of parking tokens in circulation with merchants and their customers for which the Association is responsible for.

### 5. Accumulated surplus:

Accumulated surplus consists of the following:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 58,158	\$ 74,174
Reserve fund	99,959	37,203
Accumulated surplus	\$ 158,117	\$ 111,377

The reserve fund is used to fund expenditures, normally of a capital nature, that are approved by the Association. It is the policy of the Association to transfer the operating fund annual surplus or deficit to the Reserve fund.

# ST. CATHARINES DOWNTOWN ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

---

## 6. Commitments:

The Association is committed under an operating lease for the rental of office space. Future minimum lease payments under this operating lease are as follows:

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2022	\$ 16,608
2023	16,608
2024	16,608
2025	16,608
2026	16,608
2027	8,304
	<hr/>
	\$ 91,344

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The Association is committed under an operating lease for the rental of equipment. Future minimum lease payments under this operating lease are as follows:

---

2022	\$ 6,900
2023	6,900
2024	6,900
	<hr/>
	\$ 20,700

---

## 7. Budget data:

The budget data presented in these financial statements is based upon the 2021 budget approved by the Board on February 23, 2021. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

# ST. CATHARINES DOWNTOWN ASSOCIATION

## Schedule of Expenses

Year ended December 31, 2021, with comparative information for 2020

	Budget	2021	2020
<b>Administration:</b>			
Communications equipment	\$ 9,200	\$ 10,318	\$ 10,036
Insurance	1,850	4,037	1,492
Professional fees/Banking charges	11,000	13,980	9,579
Rent	15,965	17,986	15,426
Salaries and payroll taxes	141,000	147,070	132,931
Supplies and other	3,400	3,978	2,826
	<b>\$ 182,415</b>	<b>\$ 197,369</b>	<b>\$ 172,290</b>
<b>Development:</b>			
Annual general meeting	\$ 700	\$ 598	\$ 2,343
Meetings	500	462	-
Committee/board/staff development	1,000	8,760	1,745
Façade/streetscape improvements	10,500	11,380	-
Membership/resources	6,600	7,725	6,572
Newsletter/supplements	3,000	1,651	2,505
Safety	10,000	10,870	-
Website	5,000	4,733	2,733
	<b>\$ 37,300</b>	<b>\$ 46,179</b>	<b>\$ 15,898</b>
<b>Events:</b>			
Christmas/Winter Events	\$ 20,000	\$ 15,209	\$ 15,312
Downtown D'Lish	-	-	4,342
My downtown	-	-	47
Art city	8,000	-	17,555
Spring/Winter in the City	4,000	-	4,041
Street closures	-	8,922	40,504
Summer Events	25,000	-	-
Fall Events	-	3,459	-
	<b>\$ 57,000</b>	<b>\$ 27,590</b>	<b>\$ 81,801</b>
<b>Media and Visual Marketing:</b>			
Beautification/maintenance/identification	\$ 28,750	\$ 12,168	\$ 27,801
General marketing	55,000	46,957	49,018
Kiosks	3,000	492	-
Marketing campaign	-	50	8,000
Sponsorship	5,000	1,150	2,000
	<b>\$ 91,750</b>	<b>\$ 60,817</b>	<b>\$ 86,819</b>

Financial Statements of

**ST. CATHARINES PUBLIC LIBRARY  
BOARD**

Year ended December 31, 2021



# ST. CATHARINES PUBLIC LIBRARY BOARD

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December 31, 2021, with comparative information for 2020

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## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

We have audited the accompanying financial statements of the St. Catharines Public Library Board (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the 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 financial position of the St. Catharines Public Library Board as at December 31, 2021, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our report.

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

- 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 conclusions are 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 represents 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

May 19, 2022

# ST. CATHARINES PUBLIC LIBRARY BOARD

## Statement of Financial Position

As at December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Cash	\$ 3,971,457	\$ 5,784,123
Accounts receivable	130,252	118,294
Investments (note 3)	1,570,166	1,270,425
	<u>5,671,875</u>	<u>7,172,842</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (note 11)	588,612	1,972,840
Deferred revenue	23,253	–
Post-employment benefits (note 2)	340,840	346,220
Long-term liabilities (notes 4 and 5)	905,455	989,813
	<u>1,858,160</u>	<u>3,308,873</u>
Net financial assets	3,813,715	3,863,969
<b>Non-financial assets</b>		
Prepaid expenses	171,503	110,472
Tangible capital assets (Schedule 3)	7,856,397	7,918,548
	<u>8,027,900</u>	<u>8,029,020</u>
Commitments (note 7)		
COVID-19 (note 11)		
Accumulated surplus (note 8)	<u>\$11,841,615</u>	<u>\$11,892,989</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# ST. CATHARINES PUBLIC LIBRARY BOARD

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2021, with comparative information for 2020

	Budget 2021	Actual 2021	Actual 2020
	(note 9)		
<b>Revenue:</b>			
Municipal contribution	\$ 5,677,708	\$ 5,677,708	\$ 5,677,708
Province of Ontario regular grant	228,600	228,616	228,616
Province of Ontario special grants	–	12,267	12,267
Other grants	–	13,820	–
Other (Schedule 1)	118,585	168,041	149,216
	6,024,893	6,100,452	6,067,807
<b>Expenses:</b>			
Salaries, wages and payroll taxes (Schedule 2)	4,356,040	3,930,988	3,701,796
Library materials (Schedule 2)	363,000	341,409	400,361
Occupancy (Schedule 2)	562,464	598,692	491,430
General and administration (Schedule 2)	359,389	250,730	322,929
Interest (note 5)	–	41,532	44,711
Amortization (Schedule 3)	988,475	988,475	993,647
	6,629,368	6,151,826	5,954,874
Annual (deficit) surplus before reserve transfers	(604,475)	(51,374)	112,933
Transfer from reserves	303,736	–	–
Annual (deficit) surplus	(300,739)	(51,374)	112,933
Accumulated surplus, beginning of year	11,892,989	11,892,989	11,780,056
Accumulated surplus, end of year	\$ 11,592,250	\$ 11,841,615	\$ 11,892,989

See accompanying notes to financial statements.

# ST. CATHARINES PUBLIC LIBRARY BOARD

## Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual (deficit) surplus	\$ (51,374)	\$ 112,933
Purchase of tangible capital assets	(933,017)	(978,141)
Amortization of tangible capital assets	988,475	993,647
Loss on disposal of tangible capital assets	6,693	–
Change in prepaid expenses	(61,031)	(74,181)
	(50,254)	54,258
Net financial assets, beginning of year	3,863,969	3,809,711
Net financial assets, end of year	\$ 3,813,715	\$ 3,863,969

See accompanying notes to financial statements.

# ST. CATHARINES PUBLIC LIBRARY BOARD

## Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (51,374)	\$ 112,933
Items not involving cash:		
Amortization	988,475	993,647
Loss on disposal of tangible capital assets	6,693	–
Change in non-cash assets and other liabilities:		
Accounts receivable	(11,958)	(223)
Prepaid expenses	(61,031)	(74,181)
Deferred revenue	23,253	–
Post-employment benefits	(5,380)	(2,182)
Accounts payable and accrued liabilities	(1,384,228)	1,458,868
	(495,550)	2,488,862
Capital activities:		
Purchase of tangible capital assets	(933,017)	(978,141)
Financing activities:		
Repayment of long-term liabilities	(84,358)	(81,241)
Investing activities:		
Change in investments	(299,741)	369,730
Net change in cash	(1,812,666)	1,799,210
Cash, beginning of year	5,784,123	3,984,913
Cash, end of year	\$ 3,971,457	\$ 5,784,123

See accompanying notes to financial statements.



# ST. CATHARINES PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2021

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The financial statements of St. Catharines Public Library Board (the “Library”) are prepared by management in accordance with Canadian public sector accounting standards.

## 1. Significant account policies:

Significant accounting policies adopted by the Library are as follows:

### (a) Basis of accounting:

The Library 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 a receipt of goods or services and the creation of a legal obligation to pay.

### (b) Government transfers:

Government transfers received are from the Province of Ontario and the City of St. Catharines. Government transfers paid relate to surplus repayment and future reserves to the City of St. Catharines. Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

### (c) Other income:

Other income, including investment income, is reported as revenue in the period earned.

### (d) 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 which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed or donated tangible capital assets are recorded at their fair value at the date of receipt.

# ST. CATHARINES PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 1. Significant account policies (continued):

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

#### (ii) Amortization

Amortization is recorded to reflect the cost, net of anticipated salvage value, associated with the use of the asset in providing library services over the estimated useful life of the asset. Amortization expense is calculated on a straight-line basis over the assets' estimated useful lives as follows:

Asset	Number of years
Buildings	25-100
Building Improvements	10-50
Collections (asset pool)	7
Furniture and equipment	3-100
IT equipment	3-15

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Certain Library land and buildings are owned and controlled by The Corporation of the City of St. Catharines and are therefore not reflected in these financial statements.

### (e) Post-employment benefits:

The Library provides certain employee benefits which will require funding in future periods. The cost of self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement health and dental benefits for retirees, is actuarially determined using the project benefit method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

The Library makes contributions to Ontario Municipal Employees Retirement System (OMERS) pensions, which is a multi-employer defined contribution pension plan, on behalf of its members. These contributions are recognized in the period in which the contributions are earned.

# ST. CATHARINES PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 1. Significant account policies (continued):

(f) Deferred income:

Deferred income represents funds collected for which related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year in which the related services are performed.

(g) Investments:

Investments are recorded at cost. When the investments incur a loss in value that is other than temporary, the investments are written down to their fair value and the loss is recognized in the statement of operations.

(h) Use of estimates:

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

## 2. Post-employment benefit liability:

Post-employment benefits are comprised of health and dental benefits, as well as life insurance for permanent full-time retirees retiring on unreduced OMERS pension up to the age of 65.

The Library recognizes the post-employment benefits costs as they are earned during the year. The Library's obligation under the post-employment provisions of employment agreements will be funded out of current revenue.

The post-employment benefit obligation was determined by an actuarial valuation as at December 31, 2020 and was projected for 2021 fiscal period. The date of the next actuarial valuation is expected to be performed as at December 31, 2022.

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	2021	2020
Vacation	\$ 46,240	\$ 52,020
Retirement benefits	294,600	294,200
	<hr/> \$ 340,840	<hr/> \$ 346,220

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# ST. CATHARINES PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 2. Post-employment benefit liability (continued):

Information about the Library's post-employment benefit liability is as follows:

	2021	2020
Accrued benefit obligation		
Balance, beginning of year	\$ 293,200	\$ 289,100
Current service costs	20,500	19,900
Interest on accrued benefit obligation	8,700	8,600
Benefits paid during the period	(28,400)	(24,400)
Balance, end of year	294,000	293,200
Unamortized actuarial gain	600	1,000
Accrued benefit liability	\$ 294,600	\$ 294,200

The 2021 unamortized actuarial gain/loss is amortized over the expected average remaining service life of 9 years. Amortization of the actuarial gain included in expenses in the statement of operations is \$400 (2020 - \$400).

Actuarial valuations are performed on post-employment and retirement benefits to provide estimates of the accrued benefit obligations. These estimates are based on a number of assumptions about future events including interest rates, inflation rates, salary and wage increases, medical and dental cost increases and mortality.

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

The accrued benefit liability for post-employment benefits was determined by actuarial valuation as at December 31, 2021 using a discount rate of 2.90% (2020 – 2.90%).

General Inflation - Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), was assumed at 2.0% per annum.

Health and dental trend costs – Health care trend costs of 6.53% in 2021, reducing linearly to 4.0% by 2040. Dental care trend costs of 6.25%, reducing linearly to 4.0% in 2030 are presumed.

Mortality is based on the Canadian Institute of Actuaries' 2014 CPM Public Table with MI-2017 Scale.

## 3. Investments:

Investments of \$1,570,166 (2020 - \$1,270,425) are carried at cost which approximates fair value due to the nature of investments held at the end of the year. The fair value represents the realizable value of investments if they were to be sold at December 31, 2021.

# ST. CATHARINES PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 4. Related party transactions:

(a) Transactions with related parties:

The Library had the following transactions with the City of St. Catharines, its controlling party:

	2021	2020
<b>Revenue:</b>		
Municipal contributions	\$ 5,677,708	\$ 5,677,708
	<b>\$ 5,677,708</b>	<b>\$ 5,677,708</b>
<b>Expenses:</b>		
Municipal cost recoveries, including tangible capital asset additions	\$ 80,585	\$ 301,391
Rent expense	600	600
	<b>\$ 81,185</b>	<b>\$ 301,991</b>

The revenue and expense transactions have been reflected in annual surplus for the current year and were measured at the exchange amount of consideration established and agreed to by the related parties.

The Library leases some of its premises from the City of St. Catharines for \$600 per year. The lease commitments have been included in Note 7.

(b) Outstanding balances due from related parties:

The Library has a long-term loan payable to the City of St. Catharines amounting to \$905,455 (2020 - \$989,813). The details of which has been disclosed in Note 5.

## 5. Long-term liabilities:

The balance of long-term liabilities reported on the statement of financial position is made up of:

Debenture number	Purpose	Interest rates	Maturity date	2021	2020
110-2011	Dr. Huq Family Library Branch	3.8%	2031	\$ 905,455	\$ 989,813

# ST. CATHARINES PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 5. Long-term liabilities (continued):

Principal charges in each of the next five years are as follows:

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2022	\$ 87,593
2023	90,953
2024	94,442
2025	98,065
2026	101,827
2027 and thereafter	432,575
	<hr/>
	\$ 905,455

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Total interest on long-term liabilities which are reported on the statement of operations and accumulated surplus amounted to \$41,532 (2020 - \$44,711).

## 6. Pension agreements:

The St. Catharines Public Library makes contributions to OMERS, which is a multi-employer plan, on behalf of 54 members of its staff as of December 31, 2021. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The latest actuarial valuation as at December 31, 2021 reported a funding deficit of \$3.1 billion (2020 - \$3.2 billion). OMERS expects the contributions and policy changes made in response to the deficit to return the plan to a fully funded position by 2025. Contributions were made in the 2021 calendar year at rates ranging from 9.0% to 14.6% depending on the level of earnings. As a result, \$269,001 was contributed to OMERS (2020 - \$252,325) for current service.

## 7. Commitments:

Minimum future lease payments for various premises and equipment are as follows:

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2022	\$ 47,024
2023	46,697
2024	44,694
2025	11,756
2026	600
	<hr/>
	\$ 150,771

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# ST. CATHARINES PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 8. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserve and reserve funds as follows:

	2021	2020
Reserves and reserve funds	\$ 3,680,264	\$ 3,842,506
Funds set aside (note 10)	1,551,249	1,467,968
Amounts to be recovered – long-term liabilities	(905,455)	(989,813)
Amounts to be recovered – post-employment benefit	(340,840)	(346,220)
Tangible capital assets	7,856,397	7,918,548
Balance, end of year	\$ 11,841,615	\$ 11,892,989

## 9. Budget data

The budget data presented in these financial statements is based upon the 2021 operating and capital budgets approved by Council on December 14, 2020. Amortization was not contemplated on development of the budget and, as such, was not included. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

Revenues:	
Operating budget	\$ 6,328,629
Less:	
Transfers in – reserves	(303,736)
Total revenue	\$ 6,024,893
Expenses:	
Operating budget	5,640,893
Capital budget	687,736
Add:	
Amortization	988,475
Less:	
Capital expenses	(603,378)
Principal repayments	(84,358)
Total expenses	6,629,368
Annual deficit	\$ (604,475)

# ST. CATHARINES PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 10. Funds set aside

The Library has set aside specific monies for which donations received are designated for specific purposes. These include collections, capital funding and Library support programs. The reserves are summarized below:

	Architects Fund	Internal Fund	2021 Total	2020 Total
Revenues:				
Donations	\$ –	\$ 75,791	\$ 75,791	\$ 48,218
Interest	3	8,687	8,690	18,459
	3	84,478	84,481	66,677
Expenditures:				
Library materials	–	1,200	1,200	17,602
Net revenues	3	83,278	83,281	49,075
Funds, beginning of year	760	1,467,208	1,467,968	1,418,893
Funds, end of year	\$ 763	\$ 1,550,486	\$ 1,551,249	\$ 1,467,968

## 11. COVID-19:

On March 11, 2020, World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic. This has resulted in governments worldwide, including the Canadian and Ontario 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 Library is currently offering regular services albeit with fewer hours than before the pandemic. The current challenging economic climate may lead to adverse changes in cash flows, municipal contributions and/or debt balances, which may also have a direct impact on the Library’s operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Library’s business are not known at this time.



# ST. CATHARINES PUBLIC LIBRARY BOARD

## Schedule 1 – Other Revenues

Year ended December 31, 2021

	(Unaudited)		
	Budget 2021	Actual 2021	Actual 2020
Fines and memberships	\$ 59,179	\$ 24,944	\$ 27,907
Interest	27,130	48,431	61,955
Photocopying	3,865	1,267	891
Programming fees	4,146	–	774
Sundry	14,490	15,671	6,318
Meeting room rental	8,618	1,817	1,907
AV services	1,157	120	257
Donations	–	75,791	49,207
	<u>\$ 118,585</u>	<u>\$ 168,041</u>	<u>\$ 149,216</u>

# ST. CATHARINES PUBLIC LIBRARY BOARD

## Schedule 2 – Expenses

Year ended December 31, 2021

	(Unaudited) Budget 2021	Actual 2021	Actual 2020
<b>Salaries, wages and payroll taxes</b>			
Library and clerical	\$ 4,356,040	\$ 3,177,266	\$ 2,977,774
Payroll taxes	–	753,722	724,022
	<b>\$ 4,356,040</b>	<b>\$ 3,930,988</b>	<b>\$ 3,701,796</b>
<b>Library materials</b>			
Audio	\$ 8,000	\$ 462	\$ –
Binding	2,000	–	555
Microfilm	6,000	5,274	5,274
Periodicals	335,000	323,818	374,838
Processing	12,000	11,855	19,694
	<b>\$ 363,000</b>	<b>\$ 341,409</b>	<b>\$ 400,361</b>
<b>Occupancy</b>			
Communications	\$ 40,689	\$ 41,270	\$ 41,460
Insurance	37,132	37,028	32,631
Rent and taxes	120,267	54,659	62,881
Repairs and maintenance	135,791	263,339	155,287
Security	15,160	12,756	15,160
Utilities	213,425	189,640	184,011
	<b>\$ 562,464</b>	<b>\$ 598,692</b>	<b>\$ 491,430</b>
<b>General and administration</b>			
Audio visual supplies	\$ –	\$ 3,076	\$ 5,880
Data processing	35,189	20,541	11,394
Equipment rental	10,425	5,778	6,896
Equipment repairs and maintenance	124,354	106,441	91,809
Library supplies	35,451	15,657	17,657
Printing and stationery	2,000	–	238
Professional fees	56,459	30,502	110,573
Programming	9,300	6,751	8,023
Sundry	30,486	16,287	37,901
Training and development	20,900	20,652	9,964
Transportation and postage	34,825	25,045	22,594
	<b>\$ 359,389</b>	<b>\$ 250,730</b>	<b>\$ 322,929</b>

# ST. CATHARINES PUBLIC LIBRARY BOARD

## Schedule 3 - Tangible Capital Assets

Year ended December 31, 2021

	Cost				Accumulated Amortization				Net Book Value	
	Balance Beginning of Year	Additions	Disposals	Transfers	Balance End of Year	Balance Beginning of Year	Amortization	Disposals		Balance End of Year
	\$	\$	\$	\$	\$	\$	\$	\$		\$
Land	25,138	-	-	-	25,138	-	-	-	-	25,138
Buildings	7,128,200	-	-	-	7,128,200	3,184,756	87,865	-	3,272,621	3,855,579
Building Improvements	736,459	390,253	(14,700)	158,905	1,270,917	184,043	47,304	(9,188)	222,159	1,048,758
Collection	4,811,028	477,744	(722,236)	-	4,566,536	2,512,787	670,225	(722,236)	2,460,776	2,105,760
Furniture and equipment	1,020,746	43,540	(6,362)	-	1,057,924	436,110	67,306	(6,362)	497,054	560,870
IT equipment	762,854	21,480	(112,821)	-	671,513	407,086	115,775	(111,640)	411,221	260,292
WIP	158,905	-	-	(158,905)	-	-	-	-	-	-
December 31, 2021	14,643,330	933,017	(856,119)	-	14,720,228	6,724,782	988,475	(849,426)	6,863,831	7,856,397
Land	25,138	-	-	-	25,138	-	-	-	-	25,138
Buildings	7,128,200	-	-	-	7,128,200	3,096,891	87,865	-	3,184,756	3,943,444
Building improvements	659,958	76,501	-	-	736,459	153,509	30,534	-	184,043	552,416
Collection	4,943,846	534,904	(667,722)	-	4,811,028	2,483,985	696,524	(667,722)	2,512,787	2,298,241
Furniture and equipment	994,320	87,316	(60,890)	-	1,020,746	434,227	62,773	(60,890)	436,110	584,636
IT equipment	654,298	120,515	(11,959)	-	762,854	303,094	115,951	(11,959)	407,086	355,768
WIP	-	158,905	-	-	158,905	-	-	-	-	158,905
December 31, 2020	14,405,760	978,141	(740,571)	-	14,643,330	6,471,706	993,647	(740,571)	6,724,782	7,918,548

Financial Statements of

# **ST. CATHARINES TRANSIT COMMISSION**

And Independent Auditors' Report thereon

Year ended December 31, 2021

# ST. CATHARINES TRANSIT COMMISSION MANAGEMENT REPORT

December 31, 2021


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

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

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

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

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

  
\_\_\_\_\_  
Colin Briggs  
Chair

  
\_\_\_\_\_  
Graham Morrison  
General Manager

## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

We have audited the financial statements of the St. Catharines Transit Commission (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the 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 financial position of the Entity as at December 31, 2021, and its results of operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***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 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.

## ***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.

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.



Page 3

- 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 conclusions are 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

June 16, 2022



# ST. CATHARINES TRANSIT COMMISSION

## Statement of Financial Position

As at December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial Assets</b>		
Cash	\$ 4,202,590	\$ 2,409,456
Accounts receivable	1,693,006	922,522
Due from City of St. Catharines (note 7)	62,827	314,994
Total financial assets	5,958,423	3,646,972
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,318,634	1,458,649
Deferred revenue (note 4)	922,082	856,357
Post-employment benefits (note 2)	3,584,500	3,663,825
Long-term liabilities (note 3)	1,479,686	1,021,635
	9,304,902	7,000,466
Net debt	(3,346,479)	(3,353,494)
<b>Non-financial assets</b>		
Tangible capital assets (schedule 1)	33,907,770	26,981,976
Inventories	871,357	747,248
Prepaid expenses	216,637	242,897
	34,995,764	27,972,121
Accumulated surplus (note 5)	\$ 31,649,285	\$ 24,618,627

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# ST. CATHARINES TRANSIT COMMISSION

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 9)	2021	2020
<b>Revenues:</b>			
Municipal contribution (note 7)	\$ 13,636,596	\$ 13,636,595	\$ 12,940,770
Government transfers (note 7)	–	14,557,381	4,080,735
Conventional farebox income	6,593,892	5,833,029	5,404,834
Paratransit farebox income	61,197	43,397	36,513
Thorold service municipal contribution	1,072,848	821,868	756,183
Thorold Paratransit contract services	125,398	31,419	42,986
Intown charters	17,000	–	7,857
School Board farecard income	90,000	30,000	4,835
Downtown terminal	198,252	198,385	108,067
Inter-municipal transit contract	2,414,056	2,024,869	2,336,986
Bus advertising	120,000	120,000	90,000
Shelter advertising	129,250	119,058	96,758
Other income	46,896	89,584	113,838
Paratransit donations	–	3,000	–
	24,505,385	37,508,585	26,020,362
<b>Expenses:</b>			
Transportation	13,339,597	13,748,576	12,586,498
Fuel	2,913,556	2,594,562	1,889,903
Equipment and vehicle maintenance	4,350,774	4,140,858	3,887,498
Premises and plant	875,870	1,420,931	1,016,511
Downtown terminal	767,574	729,292	694,886
General and administration	2,530,829	2,547,460	2,423,941
Paratransit operating	1,547,078	1,524,347	1,440,742
Paratransit taxi contract	97,889	31,045	79,469
Thorold Paratransit services	125,398	19,409	42,679
Amortization of tangible capital assets	–	3,721,447	3,605,907
	26,548,565	30,477,927	27,668,034
Annual surplus (deficit)	(2,043,180)	7,030,658	(1,647,672)
Accumulated surplus, beginning of year	24,618,627	24,618,627	26,266,299
Accumulated surplus, end of year	\$ 22,575,447	\$ 31,649,285	\$ 24,618,627

See accompanying notes to financial statements.

# ST. CATHARINES TRANSIT COMMISSION

## Statement of Changes in Net Debt

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual surplus (deficit)	\$ 7,030,658	\$ (1,647,672)
Acquisition of tangible capital assets	(10,647,241)	(904,680)
Amortization of tangible capital assets	3,721,447	3,605,907
Change in inventories	(124,109)	(14,199)
Change in prepaid expenses	26,260	24,484
Decrease in net debt	7,015	1,063,840
Net debt, beginning of year	(3,353,494)	(4,417,334)
Net debt, end of year	\$ (3,346,479)	\$ (3,353,494)

See accompanying notes to financial statements.

# ST. CATHARINES TRANSIT COMMISSION

## Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	\$ 7,030,658	\$ (1,647,672)
Item not involving cash:		
Amortization of tangible capital assets	3,721,447	3,605,907
	10,752,105	1,958,235
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	(770,484)	281,653
Increase in Inventories	(124,109)	(14,199)
Increase in accounts payable and accrued liabilities	1,859,985	82,660
Increase (decrease) in deferred revenue	65,725	(156,756)
Increase (decrease) in due to City of St. Catharines	252,167	(511,552)
Decrease in prepaid expenses	26,260	24,484
Decrease in employee future benefits	(79,325)	(54,600)
	11,982,324	1,609,925
Investing:		
Acquisition of tangible capital assets	(10,647,241)	(904,680)
Financing:		
Long-term debt issued	540,000	540,000
Repayment of long-term debt	(81,949)	(80,315)
	458,051	459,685
Increase in cash	1,793,134	1,164,930
Cash, beginning of year	2,409,456	1,244,526
Cash, end of year	\$ 4,202,590	\$ 2,409,456

See accompanying notes to financial statements.

# ST. CATHARINES TRANSIT COMMISSION

Notes to Financial Statements

Year ended December 31, 2021

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

## 1. Significant accounting policies:

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

### (a) Accrual accounting:

The Service follows the accrual method of reporting revenue 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 receipt of goods and services and/or the creation of a legal obligation to pay.

### (b) Other income:

Other income is recognized as revenue in the period earned.

### (c) Government transfers:

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

### (d) 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.

# ST. CATHARINES TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 1. Significant accounting policies:

(d) Non-financial assets (continued):

(i) Tangible capital assets:

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

Amortization is recorded to reflect the cost, net of anticipated residual value, associated with the use of the asset in providing services on a straight-line basis over the estimated useful life of the asset. Additions during the year are amortized using half the normal rate. Disposals are amortized using half the normal rate. Work in progress assets are not amortized until complete and the asset is available for use.

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Asset	Years
Land improvements	15 - 25
Buildings	5 - 75
Structures	10 - 20
Equipment	5 - 30
Furniture	20
IT equipment - Conventional	2 - 15
IT equipment - Paratransit	7
Vehicles - Conventional	6 - 12
Vehicles - Paratransit	7 - 12
Service and shuttles	7

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(ii) Inventories:

Inventories held for consumption are valued at lower of cost and replacement cost.

(e) Deferred revenue:

Deferred revenue represents contract 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.

# ST. CATHARINES TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 1. Significant accounting policies:

### (f) Employee future benefits:

The Service pays certain medical, dental and life insurance benefits on behalf of its retired employees which will require funding in future periods. 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, long term inflation rates and discount rates.

For self-insured and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as service payments and health and dental benefits for retirees, the cost is actuarially determined using the projected unit credit method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gain or loss related to the past service of employees are amortized over the expected average remaining service life of the employee group.

The cost of multi-employer defined benefit pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period. OMERS has been accounted for as a defined contribution plan since it is a multi-employer plan.

### (g) Use of estimates:

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates and assumptions are based on management's best information and judgement and actual results could differ from these estimates.

# ST. CATHARINES TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 2. Post-employment benefits:

	2021	2020
Post-employment benefits	\$ 3,584,500	\$ 3,663,825

### Post-employment benefits

The Service pays certain medical, dental and life insurance benefits on behalf of its retired employees.

	2021	2020
Accrued benefit obligation, beginning of year	\$ 2,592,725	\$ 2,526,825
Expense for the year	218,475	212,900
Benefits paid during the year	(177,300)	(147,000)
Accrued benefit obligation, end of year	2,633,900	2,592,725
Unamortized actuarial gain	950,600	1,071,100
Liability, end of year	\$ 3,584,500	\$ 3,663,825

In the current year, amortization of the actuarial gain of \$120,500 was recognized in the statement of operations and accumulated surplus. The remaining unamortized actuarial gain will be amortized over the expected average remaining service life of 8 years.

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

The accrued benefit liability for post-employment benefits was determined based on projections included in an actuarial valuation as at December 31, 2019 using a discount rate of 2.90% (2020 - 2.90%).

General Inflation - Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 3.0%.

Medical Costs - Medical costs were assumed at 6.53% reducing 0.35% per year starting in 2021 to 4.0% in 2040 and thereafter. Other health costs were assumed at 4% per year.

Dental Costs - Dental costs were assumed at 6.25% in 2021 reducing 0.25% per year starting in 2021 to ultimate rate of 4.0% in 2030 and thereafter.

The next actuarial valuation is required to be performed no later than January 1, 2022.



# ST. CATHARINES TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2021

### 3. Long-term liabilities:

- (a) The balance of long-term liabilities comprised of debentures with varying maturity dates, reported on the Statement of Financial Position is as follows:

	2021	2020
Long-term liabilities which bear interest at 2.229% per annum	\$ 276,686	\$ 319,635
Long-term liabilities which bear interest at 2.015% per annum	123,000	162,000
Long-term liabilities which bear interest at 1.782% per annum	1,080,000	540,000
Balance, end of year	\$ 1,479,686	\$ 1,021,635

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

2022	\$ 186,334
2023	188,551
2024	191,296
2025	151,191
2026	153,490
Thereafter	608,824
	\$ 1,479,686

- (c) Interest expense on long-term liabilities amounted to \$16,938 (2020 - \$10,430) for the year.

- (d) Long-term liabilities represent amounts owing to The Corporation of the City of St. Catharines.

### 4. Deferred revenue:

	2021	2020
Balance, beginning of year	\$ 856,357	\$ 1,013,113
Contributions received	767,131	856,357
Revenue earned	(701,406)	(1,013,113)
Balance, end of year	\$ 922,082	\$ 856,357

# ST. CATHARINES TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 5. Accumulated surplus:

	2021	2020
Invested in tangible capital assets	\$ 33,907,770	\$ 26,981,976
Operating reserve funds	2,805,701	2,322,111
Amount to be recovered - post-employment benefits	(3,584,500)	(3,663,825)
Amount to be recovered - long-term liabilities	(1,479,686)	(1,021,635)
Accumulated surplus, end of year	\$ 31,649,285	\$ 24,618,627

## 6. Economic dependence:

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

## 7. Related party transactions:

As a formal Commission established pursuant to Provincial legislation, with Council representation, the Service and the Corporation of the City of St. Catharines ("the City") are considered related parties. The City is the sole shareholder of the Service and as such, the Service is consolidated with the City's annual consolidated financial statements. Amounts owing to or from the City are non-interest bearing with no specific repayment terms. Long-term liabilities included in the statement of financial position owing to the City are disclosed in note 3.

The City charges the Service for certain costs on a flat fee basis with some rent charged at a nominal fee. These charges are as follows:

	2021	2020
Data processing	\$ 11,394	\$ 11,394
Downtown bus terminal rent	1	1
2012 First Street Louth land and building lease	1	1

The City provides annual funding as part of the municipal tax levy. In 2021, the City provided \$13,636,595 (2020 - \$12,940,770) in funding. The City also provides grant funding through various Provincial and Federal grants. In 2021, the Service recognized \$14,557,381 (2020 - \$4,080,735) in grant funding from the City.

The Service has recognized the Service's head office location as an asset which is operated under a lease for an indeterminate term at the pleasure of Council with the Corporation of the City of St. Catharines (the "landlord"). The cost assigned to the asset on transition to Public Sector Accounting Standards PS 3150 *Tangible Capital Assets* and recognized in the Services' financial statements is \$7,066,694 (2020 - \$7,066,694), net of accumulated amortization of \$2,868,891 (2020 - \$2,774,669). Amortization expense on the building under capital lease is \$94,223 (2020 - \$94,223) and has been charged to the statement of operations. The leased asset is presented within Tangible Capital Assets on the statement of financial position.

# ST. CATHARINES TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 8. Pension agreement:

The Service makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 210 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.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Service does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was on December 31, 2021. At that time, the plan reported a \$3.1 billion actuarial deficit (2020 - \$3.2 billion deficit).

If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

The amount contributed to OMERS for 2021 was \$1,299,975 (2020 - \$1,198,600) for current service and is included as an expense on the Statement of Operations and Accumulated Surplus.

On January 1, 2021, the yearly maximum pension earnings increased to \$61,600 from \$58,700. The contributions are calculated at a rate of 9.2% (2020 - 9.2%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 15.8% (2020 - 15.8%) for amounts above the yearly maximum pension earnings based on a normal retirement age of 60.

## 9. Budget information:

The budget data presented in these financial statements is based upon the 2021 budget approved by the Service on September 24, 2020. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such were not provided on the statement of changes in net debt.

# ST. CATHARINES TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## **10. Comparative information:**

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

# ST. CATHARINES TRANSIT COMMISSION

## Schedule 1 - Tangible Capital Assets

For the year ended December 31, 2021, with comparative information for 2020

	Cost			Accumulated Amortization			Balance, End of year	Net book value	
	Balance, Beginning of year	Additions	Disposals/ Transfers	Balance, End of year	Balance Beginning of year	Amortization			Disposals
Land	\$ 357,225	\$ –	\$ –	\$ 357,225	\$ –	\$ –	\$ –	\$ 357,225	
Land improvements	825,019	98,852	–	923,871	699,228	16,350	–	208,293	
Buildings	9,398,453	–	–	9,398,453	3,099,910	185,617	–	6,112,926	
Structures	1,932,049	374,110	16,791	2,322,950	594,606	119,313	–	1,609,031	
Equipment	4,928,449	202,128	–	5,130,577	2,537,994	247,990	–	2,344,593	
Furniture	11,036	44,901	–	55,937	4,691	2,827	–	48,419	
IT equipment – Conventional	5,000,726	723,740	161,252	5,885,718	2,660,775	599,509	–	2,625,434	
IT equipment – Paratransit	322,057	–	–	322,057	229,556	46,464	–	46,037	
Vehicles – Conventional	42,982,192	7,947,000	(4,334,000)	46,595,192	30,111,009	2,295,119	4,334,000	18,523,064	
Vehicles – Paratransit	1,571,254	697,030	(414,019)	1,854,265	758,865	181,780	414,019	1,327,639	
Service and shuttles	185,346	–	–	185,346	13,239	26,478	–	145,629	
Work in progress	178,043	559,480	(178,043)	559,480	–	–	–	559,480	
<b>December 31, 2021</b>	<b>\$67,691,849</b>	<b>\$10,647,241</b>	<b>\$ 4,748,019</b>	<b>\$73,591,071</b>	<b>\$40,709,873</b>	<b>\$ 3,721,447</b>	<b>\$ 4,748,019</b>	<b>\$39,683,301</b>	<b>\$33,907,770</b>
Land	\$ 357,225	\$ –	\$ –	\$ 357,225	\$ –	\$ –	\$ –	\$ 357,225	
Land improvements	825,019	–	–	825,019	686,173	13,055	–	125,791	
Buildings	9,398,453	–	–	9,398,453	2,914,121	185,789	–	6,298,543	
Structures	1,858,842	73,207	–	1,932,049	490,204	104,402	–	1,337,443	
Equipment	4,847,715	80,734	–	4,928,449	2,297,577	240,417	–	2,390,455	
Furniture	11,036	–	–	11,036	4,139	552	–	6,345	
IT equipment - Conventional	4,434,777	387,350	178,599	5,000,726	2,182,364	478,411	–	2,339,951	
IT equipment - Paratransit	322,057	–	–	322,057	183,092	46,464	–	92,501	
Vehicles - Conventional	42,982,192	–	–	42,982,192	27,735,108	2,375,901	–	12,871,183	
Vehicles - Paratransit	1,571,254	–	–	1,571,254	611,188	147,677	–	812,389	
Service and shuttles	–	185,346	–	185,346	–	13,239	–	172,107	
Work in progress	178,599	178,043	(178,599)	178,043	–	–	–	178,043	
<b>December 31, 2020</b>	<b>\$66,787,169</b>	<b>\$ 904,680</b>	<b>\$ –</b>	<b>\$67,691,849</b>	<b>\$37,103,966</b>	<b>\$ 3,605,907</b>	<b>\$ –</b>	<b>\$40,709,873</b>	<b>\$26,981,976</b>

Financial Statements of

**FIRST ONTARIO ST. CATHARINES  
PERFORMING ARTS  
CENTRE BOARD**

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP  
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Canada  
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## INDEPENDENT AUDITORS' REPORT

To the Members of FirstOntario St. Catharines Performing Arts Centre Board

### ***Opinion***

We have audited the accompanying financial statements of FirstOntario St. Catharines Performing Arts Centre Board (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, 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, 2021, and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***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.

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 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

May 26, 2022

# FIRSTONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

## Statement of Financial Position

As at December 31, 2021, with comparative information for 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash	\$ 1,499,542	\$ 619,154
Accounts receivable (notes 2 and 10)	40,814	103,601
HST receivable	8,060	23,756
Due from the City of St. Catharines (note 3)	22,147	26,282
Prepaid expenses	149,634	77,895
Inventories (note 4)	11,429	10,927
	\$ 1,731,626	\$ 861,615
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 10)	483,227	348,395
Deferred revenue (note 5)	417,888	183,120
Advance ticket sales and donations	299,450	17,942
Deferred grant revenue (note 6)	132,421	96,858
	1,332,986	646,315
Post-employment benefits (note 7)	29,700	22,000
	1,362,686	668,315
Net assets:		
Unrestricted	-	-
Internally restricted:		
Sustainability reserve (note 1(g))	275,320	72,246
Encumbrance reserve (note 1(g))	93,620	121,054
	368,940	193,300
COVID-19 (note 8)		
	\$ 1,731,626	\$ 861,615

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

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

## Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Earned revenue (Schedule 1)	\$ 455,324	\$ 748,942
Government grants	208,879	272,860
Municipal investment (Schedule 2)	1,585,334	1,592,857
Fund development	71,267	80,942
Contributions and other (Schedule 3)	838,183	832,709
Cultural Capital Investment Fund revenues (Schedule 4)	44,089	–
	<u>3,203,076</u>	<u>3,528,310</u>
Expenses (Schedule 5):		
Administration	1,031,541	917,056
Building operations	430,548	401,542
Finance and other	98,695	108,231
Fund development	2,848	21,884
Marketing and box office	226,338	237,582
Office	86,291	89,843
Programming, production and rentals	1,107,086	1,558,872
Cultural Capital Investment Fund expense (Schedule 4)	44,089	–
	<u>3,027,436</u>	<u>3,335,010</u>
Excess of revenues over expenses	<u>\$ 175,640</u>	<u>\$ 193,300</u>

## Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020

	Unrestricted	Internally Restricted		2021 Total	2020 Total
		Encumbrance Reserve*	Sustainability Reserve		
Net assets, beginning of year	\$ –	\$ 121,054	\$ 72,246	\$ 193,300	\$ –
Excess of revenues over expenses	175,640	–	–	175,640	193,300
Internal restrictions/transfers	(175,640)	(27,434)	203,074	–	–
Net assets, end of year	<u>\$ –</u>	<u>\$ 93,620</u>	<u>\$ 275,320</u>	<u>\$ 368,940</u>	<u>\$ 193,300</u>

\*The Encumbrance reserve funds commitments that were not able to be completed during the year and must be carried over to future fiscal periods.

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

# FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

## Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Operating activities:		
Excess of revenues over expenses	\$ 175,640	\$ 193,300
Changes in non-cash assets and liabilities:		
Accounts receivable	62,787	(103,601)
HST receivable	15,696	(23,756)
Due from City of St. Catharines	4,135	(26,282)
Prepaid expense	(71,739)	(77,895)
Inventory	(502)	(10,927)
Accounts payable and accrued liabilities	134,832	348,395
Deferred revenue	234,768	183,120
Advance ticket sales and donations	281,508	17,942
Deferred grant revenue	35,563	96,858
Post-employment benefits	7,700	22,000
Net change in cash from operating activities	880,388	619,154
Cash, beginning of year	619,154	—
Cash, end of year	\$ 1,499,542	\$ 619,154

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

# FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

## Notes to Financial Statements

Year ended December 31, 2021

---

The financial statements of FirstOntario St. Catharines Performing Arts Centre Board (the "Board") were established pursuant to section 196 of the *Municipal Act, 2001* on October 1, 2018 in accordance with By-law No. 2018-177 of the City of St. Catharines. The FirstOntario Performing Arts Centre (PAC) was owned and managed by the City of St. Catharines until December 31, 2019. The Board was established as a Municipal Service Board and began operations on January 1, 2020. Governed under a Relationship Agreement, the Board manages and operates the PAC business, while the City of St. Catharines owns the building and assets related to PAC. The purpose of the Board is to promote, develop and encourage the performing arts in the City of St. Catharines, and to operate PAC and the associated business on an independent and fiscally sound basis.

### 1. Significant accounting policies:

Significant accounting policies adopted by the Board are as follows:

(a) Basis of presentation and accounting:

The financial statements of the Board are the representation of management and have been prepared in accordance with the Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

The Board follows 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) Government transfers:

Government transfers, including municipal investments, are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except when, and to the extent that, stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue, as the liability is extinguished.

(c) Other revenues:

Other revenues, including ticket sales, fees for services, concessions, rental, advertising and interest income, are reported as revenue in the period earned and collection is reasonably assured.

(d) Inventories:

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

# FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

## Notes to Financial Statements (continued)

Year ended December 31, 2021

---

### 1. Significant accounting policies (continued):

(e) Post-employment benefits:

The Board 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.

(f) Deferred revenues:

Deferred revenues, including grant revenues, represent funds collected for which related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year in which the related services are performed.

(g) Internally restricted net assets:

Internally restricted net assets by the FirstOntario St. Catharines Performing Arts Centre Board are as follows:

- i) Encumbrance reserve was established to fund commitments and initiatives that were included as part of the operations of the Board that were not able to be completed during the year and must be carried over to future fiscal periods.
- ii) Sustainability reserve was established as part of the relationship agreement to mitigate the future impact of extraordinary business expenditures, fluctuations in revenues and to take advantage of opportunities.

(h) Volunteer time:

The value of volunteer time of Board members and of the community volunteers is not reflected in these financial statements as it is difficult to measure these hours.

(i) Use of estimates:

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

# FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

## Notes to Financial Statements (continued)

Year ended December 31, 2021

### 2. Accounts receivable:

Accounts receivable includes an allowance for doubtful accounts of \$nil (2020 - \$22,952).

### 3. Due from City of St. Catharines:

The amount due from the City of St. Catharines is non-interest bearing and has no fixed repayment terms.

### 4. Inventories:

Inventories consists of the following:

	2021	2020
Alcohol products	\$ 8,983	\$ 7,767
Concession products	2,446	3,160
<b>Total</b>	<b>\$ 11,429</b>	<b>\$ 10,927</b>

### 5. Deferred revenue:

Deferred revenue relates to funds from the following sources:

	2021	2020
Tickets sales	\$ 276,580	\$ 83,954
Unredeemed gift certificates	66,391	60,887
Sponsorship revenue	14,913	15,013
Deposits for rentals	40,899	12,693
Access ticket program (note 11)	19,105	10,573
<b>Total</b>	<b>\$ 417,888</b>	<b>\$ 183,120</b>

### 6. Deferred grant revenue:

Deferred grant revenue relates to funds from the following sources:

	2021	2020
Department of Canadian Heritage	\$ 47,421	\$ 40,000
Canada Council for the Arts	85,000	33,750
Ontario Presents	-	14,585
Canadian Association for the Performing Arts (CAPACOA)	-	8,523
<b>Total</b>	<b>\$ 132,421</b>	<b>\$ 96,858</b>

# FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

## Notes to Financial Statements (continued)

Year ended December 31, 2021

### 7. Post-employment benefits:

Post-employment benefits are comprised of health and dental benefits, as well as life insurance for permanent full-time retirees retiring on unreduced Ontario Municipal Employees Retirement System (OMERS) pensions up to the age of 65.

The Board recognizes the post-employment benefit costs as they are earned during the year. The Board's obligation under the post-employment provisions of employment agreements will be funded out of current revenue.

The post-employment benefit obligation of \$29,700 for retirement benefits products was determined based on projections from a two-year actuarial report prepared as at December 31, 2020.

Information about the Board's post-employment benefit liability is as follows:

	2021	2020
Accrued benefit obligation		
Balance, beginning of year	\$ 22,000	\$ –
Obligation transferred from the City	–	14,700
Current services costs	6,900	6,700
Interest on accrued benefit obligation	800	600
Balance, end of year	29,700	22,000
Unamortized actuarial gain/loss	–	–
Balance, end of year	\$ 29,700	\$ 22,000

Actuarial valuations are performed on post-employment and retirement benefits to provide estimates of the accrued benefit obligations. These estimates are based on a number of assumptions about future events including interest rates, inflation rates, salary and wage increases, medical and dental cost increases and mortality.

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

The accrued benefit liability for post-employment benefits was determined by a two-year actuarial valuation performed as at December 31, 2020 using a discount rate of 2.90% (2020 - 2.90%).

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

Health and dental trend rates – Health care trend rates of 6.53% in 2021, reducing linearly to 4.0% by 2040. Dental care trend rates of 6.25%, reducing linearly to 4.0% in 2030 are presumed.

Mortality is based on the Canadian Institute of Actuaries' 2014 CPM Public Table with MI-2017 Scale.



# FIRSTONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 8. COVID-19:

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. These public health and emergency measures have resulted in an economic slowdown, restrictions on public gatherings and activities. The duration and impact of COVID-19 is unknown. Government guidelines have limited the Board's activity and regular operations. During this time, the Board has continued to engage local organizations, artists and other stakeholders in a meaningful manner through the development of community partnerships, live-stream events, grant opportunities and other projects. The Board anticipates a gradual return to full operations based on public health guidelines for public gatherings increasing to the point of full venue capacity. Known impacts include the loss of earned and contributed revenues which have been offset by significant cuts in expenditures, including staffing. The Board was not eligible to apply for certain government COVID-19 relief programs such as the Canadian Emergency Wage Subsidy (CEWS), due to having the designation of municipal service board, which further impacted staffing levels during the pandemic. It will be difficult to reliably estimate the duration and severity of the consequences of COVID-19, as well as the impact on the financial position and results of operations of the Board for future periods.

## 9. Capital and equipment reserves held by the City of St. Catharines:

As part of the Relationship Agreement with the City of St. Catharines, the Board collects and transfers to reserves held by the City, capital surcharges that apply to ticket sales with the purpose of funding future capital and equipment requirements. Capital reserve activity during the year is as follows:

	2021
Capital reserve, beginning of the year	\$ 367,081
Transfer to equipment reserve	(106,541)
Transfer from project surplus	394
Donations	26,600
Ticket surcharges	14,696
Project costs incurred	(53,285)
Capital reserve before commitments	248,945
Less: Commitments	(100,815)
Capital reserve, end of year	\$ 148,130

# FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 9. Capital and equipment reserves held by the City of St. Catharines (continued):

Equipment reserve activity during the year is as follows:

	2021
Equipment reserve, beginning of the year	\$ –
Transfer from Capital reserve	106,541
Transfer from project surplus	394
Donations	26,600
Ticket surcharges	14,696
Equipment reserve, end of year	\$ 148,231

## 10. Related party transactions:

The Board received the following revenue from the City of St. Catharines, which are recognized at the exchange amount agreed to by the related parties:

	2021	2020
Municipal investment	\$ 1,607,857	\$ 1,592,857
Capital assets transferred	(22,523)	–
Other income	6,250	22,343
Earned revenue	8,880	5,597
	\$ 1,600,464	\$ 1,620,797

Other income from the City of St. Catharines is made up of contributions toward specific events in line with the Board's mandate and other operational activities in addition to the municipal investment.

As described in Article 5 – Capital Reserves of the Relationship Agreement with the City of St. Catharines, the Board shall establish and apply to every performance ticket sold, excluding film and children's presentations, a capital surcharge for capital replacement purposes. During 2021, the Board generated \$44,089 (2020 - \$nil) for the Cultural Capital Investment Fund, and the Board paid this amount to the City of St. Catharines. The amounts are recognized at the exchange amount agreed to by the related parties.

Included in accounts receivable at the end of the year is a receivable from the City of St. Catharines of \$17,589 (2020 - \$5,836).

Included in accounts payable and accrued liabilities at the end of the year is a payable to the City of St. Catharines of \$113,112 (2020 - \$38,758). The amounts due are non-interest bearing with no specified payment terms.

During the year, as part of the relationship agreement with the City of St. Catharines, the Board transferred \$22,523 in capital assets purchased to the City of St. Catharines.

# FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 10. Related party transactions (continued):

The Board offers diverse and curated programs drawing from a variety of local, national and international artists and various art forms.

As part of the Relationship Agreement with the City of St. Catharines, the Board is not charged any rent for use of the building, however, the Board utilizes a portion of the annual investment from the City of St. Catharines to maintain and care for building and equipment. The measurement of the rent is not included in the statement of operations.

## 11. Access ticket program:

The PAC's access program funds such programs as the ImPACT Education Series. ImPACT offers diverse, affordable tickets priced at \$10 per youth for programming that complements the Ontario Pre-K to Grade 12 curriculum. ImPACT also supports general ticket subsidies for youth.

During the year, access ticket programs activity was as follows:

	2021
Balance, beginning of the year	\$ 10,573
Donations	8,112
Ticket surcharges	420
Balance, end of year	\$ 19,105

## 12. Brock university agreement:

Brock University is a significant partner of the Board. The Marilyn I. Walker School of Fine and Performing Arts, the University's interdisciplinary centre for creative and scholarly activities composed of the Departments of Dramatic Arts, Music and Visual Arts, coordinates with the Board for the use of space and services to execute a multitude of programs and initiatives. The term of the Umbrella Agreement between the City of St. Catharines, Brock University and the Board is 10 years commencing on the date of occupancy of the Performing Arts Centre in September 2015. This Agreement outlines the supportive relationship between Brock University, the City and the Board with regards to the use of facilities and services relating to educational purposes, extra-curricular performances and other projects and partnerships. During the year, revenues associated with this agreement consist of \$812,739 (2020 - \$802,309).

## 13. Pension agreement:

The Board makes contributions to OMERS, which is a multi-employer plan, on behalf of 24 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.

# FIRSTONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

## Notes to Financial Statements (continued)

Year ended December 31, 2021

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### 13. Pension agreement (continued):

As at December 31, 2021, OMERS had approximately 541,000 (2020 - 526,000) members. The most recently available OMERS annual report is for the year ended December 31, 2021, which reported that the plan was 97% funded. Contributions were made in the 2021 calendar year at rates ranging from 9.0% to 14.6% depending on the level of earnings. As a result, \$218,939 (2020 - \$205,087) was contributed to OMERS for current service. These contributions are included in the statement of operations under wages and benefits for both administration expenses and programming, production, and rentals expenses.

### 14. Grant expenditures:

Grant expenditures for the current year have been allocated to corresponding expense accounts to reflect the program costs associated with the grants received. This allocation better represents the execution of the Board's mandate as a performing arts organization and the expenses therein.

### 15. Financial risks:

#### Liquidity Risk:

Liquidity risk is the risk of the inability of an entity to meet its current obligations from proceeds of current assets. The Board manages its liquidity risk by forecasting cash flows from operations and other activities and maintains credit facilities with the City to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

#### Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations result in a financial loss. The Board is exposed to credit risk with respect to the accounts receivable. The Board manages credit risk as their activities are funded by grants and well-established organizations. An allowance of \$nil (2020 - \$22,952) has been estimated for potential credit losses on balances due from unrelated parties.

# FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

## Schedule 1 – Earned Revenue

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Ticket sales	\$ 236,642	\$ 495,459
Fees for services	129,617	101,302
Concession	26,555	90,348
Rental	54,069	30,535
Advertising and other	8,441	31,298
	<u>\$ 455,324</u>	<u>\$ 748,942</u>

# FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

## Schedule 2 – Municipal Investment

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Municipal investment	\$ 1,607,857	\$ 1,592,857
Capital assets transferred (note 10)	(22,523)	–
	<u>\$ 1,585,334</u>	<u>\$ 1,592,857</u>

# FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

## Schedule 3 – Contributions and Other

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Brock University Agreement (note 12)	\$ 812,739	\$ 802,309
Other income	15,746	22,343
Interest income	9,698	8,057
	<u>\$ 838,183</u>	<u>\$ 832,709</u>

# FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Schedule 4 – Cultural Capital Investment Fund

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Capital Improvement Fund – Capital Reserve	\$ 14,696	\$ –
Capital Improvement Fund – Equipment Reserve	14,696	–
Arts Development Fund – SCCIP	14,697	–
	<u>\$ 44,089</u>	<u>\$ –</u>



# FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

## Schedule 5 - Expenses

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
<b>Administration:</b>		
Wages and benefits	\$ 958,362	\$ 885,356
Equity, diversity and inclusion	11,848	-
HR expenses	4,981	-
Advisory services	56,350	31,700
	<b>\$ 1,031,541</b>	<b>\$ 917,056</b>
<b>Building operations:</b>		
Repairs and maintenance	\$ 204,546	\$ 192,523
Furniture and equipment	40,831	28,433
Utilities	185,171	180,586
	<b>\$ 430,548</b>	<b>\$ 401,542</b>
<b>Finance and other:</b>		
Bad debt expense (recovery)	\$ (18,536)	\$ 27,952
Insurance	30,157	24,592
Professional fees	45,294	16,165
Software and other	41,780	39,522
	<b>\$ 98,695</b>	<b>\$ 108,231</b>
<b>Fund development:</b>		
Fund development	\$ 2,848	\$ 21,884
	<b>\$ 2,848</b>	<b>\$ 21,884</b>
<b>Marketing and box office:</b>		
Marketing	\$ 76,641	\$ 131,098
Bank and credit card fees	36,619	18,057
Outreach and audience development	7,450	-
Postage	8,667	5,727
Printing	884	1,228
Software	91,467	77,303
Subscription and memberships	4,610	4,169
	<b>\$ 226,338</b>	<b>\$ 237,582</b>
<b>Office:</b>		
Conference expenses	\$ 1,630	\$ 8,656
Business expenses	4,792	14,940
Consulting fees	9,089	-
Training	5,494	2,208
Internet	39,216	39,216
Communications	17,687	18,251
Office expenses	8,383	6,572
	<b>\$ 86,291</b>	<b>\$ 89,843</b>

# FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Schedule 5 – Expenses (continued)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Programming, production and rentals:		
Artist fees	\$ 213,086	\$ 353,877
Celebration of Nations expenses	95,655	–
Concession supplies and products	10,908	45,159
Grant expenditures (note 14)	–	193,672
Show production and event expenses	77,610	85,162
Wages and benefits	709,827	881,002
	<u>\$ 1,107,086</u>	<u>\$ 1,558,872</u>

**NIAGARA DISTRICT AIRPORT COMMISSION**

**Financial Statements**

**December 31, 2021**

# NIAGARA DISTRICT AIRPORT COMMISSION

## Financial Statements

December 31, 2021

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# NIAGARA DISTRICT AIRPORT COMMISSION

## MANAGEMENT REPORT

December 31, 2021

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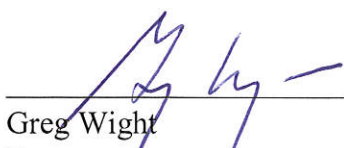
The accompanying financial statements of the Niagara District Airport Commission (the "Commission") are the responsibility of the Commission's management and have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered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


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

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

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

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

  
\_\_\_\_\_  
Greg Wight  
Treasurer

  
\_\_\_\_\_  
Daniel Pilon  
CEO



**CRAWFORD  
SMITH &  
SWALLOW**

Chartered Professional Accountants LLP

4741 Queen Street  
Niagara Falls, Ontario L2E 2M2  
T 905 356 4200  
F 905 356 3410

## **INDEPENDENT AUDITORS' REPORT**

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To the Members of  
Niagara District Airport Commission

### *Opinion*

We have audited the accompanying financial statements of Niagara District Airport Commission, which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Niagara District Airport Commission as at December 31, 2021, and the results of its operations, and its cash flows and changes in net financial assets 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 Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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 Commission'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 Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission'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 these financial statements.

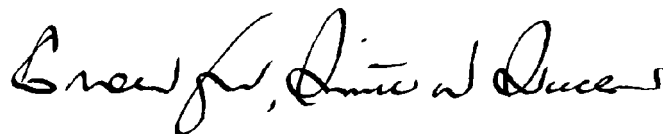
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) 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.
- b) 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 Commission's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 Commission'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 Commission to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Niagara Falls, Ontario  
March 17, 2022



CRAWFORD SMITH & SWALLOW  
CHARTERED PROFESSIONAL ACCOUNTANTS LLP  
LICENSED PUBLIC ACCOUNTANTS

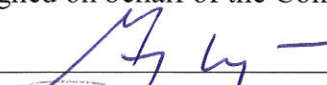



**NIAGARA DISTRICT AIRPORT COMMISSION**  
**STATEMENT OF FINANCIAL POSITION**

December 31, 2021

<b>Assets</b>	2021	2020
	\$	\$
<b>Current Assets</b>		
Cash and cash equivalents – Note 4	1,835,436	1,809,136
Accounts receivable	11,584	28,179
Sales tax recoverable	13,358	6,370
Prepaid expenses	22,125	26,906
	1,882,503	1,870,591
<b>Capital Assets - Note 8, Schedules 6 and 7</b>	8,394,174	8,689,362
<b>Total Assets</b>	<b>10,276,677</b>	<b>10,559,953</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	141,376	157,775
Government remittances payable	14,829	1,956
Deferred revenue	4,165	
	160,370	159,731
<b>Deferred Capital Contributions - Note 5</b>	8,980,353	9,258,515
	9,140,723	9,418,246
<b>Net Assets</b>		
Invested in capital assets	341,480	392,297
Internally restricted - Note 7	548,598	548,598
Unrestricted	245,876	200,812
	1,135,954	1,141,707
<b>Total Liabilities and Net Assets</b>	<b>10,276,677</b>	<b>10,559,953</b>

Signed on behalf of the Commission:

  
 \_\_\_\_\_ Commissioner  
  
 \_\_\_\_\_ Commissioner

**NIAGARA DISTRICT AIRPORT COMMISSION**  
**STATEMENT OF CHANGES IN NET ASSETS**

for the year ended December 31, 2021

	Invested in Capital Assets \$	Internally Restricted Net Assets \$	Unrestricted \$
<b>Balance, Beginning of Year</b>	392,297	548,598	200,812
<b>Excess (Deficiency) of Revenue over Expenses for the Year</b>	(50,817)		45,064
<b>Balance, End of Year</b>	<b>341,480</b>	<b>548,598</b>	<b>245,876</b>
		Total 2021 \$	Total 2020 \$
<b>Balance, Beginning of Year</b>		1,141,707	1,186,278
<b>Deficiency of Revenue over Expenses for the Year</b>		(5,753)	(44,571)
<b>Balance, End of Year</b>		<b>1,135,954</b>	<b>1,141,707</b>

# NIAGARA DISTRICT AIRPORT COMMISSION

## STATEMENT OF OPERATIONS

for the year ended December 31, 2021

	Budget 2021 \$	Actual 2021 \$	Actual 2020 \$
<b>Revenue</b>			
Events	6,000	13,443	3,650
Fuel operations	22,300	16,719	13,183
Landing and parking fees	25,800	71,412	29,358
Miscellaneous income	3,300	48,280	24,714
Leasing income	224,600	197,847	176,516
Municipal grants - Schedule 1	463,335	463,335	454,250
Capital grant transferred to operations – Note 5	40,000	89,120	40,000
Interest income	15,000	11,886	14,152
	800,335	912,042	755,823
<b>Operating Expenses</b>			
Maintenance, building and property - Schedule 2	86,000	71,518	95,607
Maintenance, vehicles and equipment- Schedule 3	55,055	43,848	66,306
Operations - Schedule 4	169,950	205,656	146,099
Personnel - Schedule 5	489,330	548,156	440,152
	800,335	869,178	748,164
<b>Operating Income</b>	0	42,864	7,659
<b>Other</b>			
Gain on disposal of capital assets		2,200	
Amortization of capital assets - Schedules 6 and 7	(550,108)	(557,604)	(551,470)
Amortization of deferred capital contributions - Note 5	499,291	506,787	499,240
	(50,817)	(48,617)	(52,230)
<b>Deficiency of Revenue over Expenses for the Year</b>	<b>(50,817)</b>	<b>(5,753)</b>	<b>(44,571)</b>

# NIAGARA DISTRICT AIRPORT COMMISSION

## STATEMENT OF CASH FLOWS

for the year ended December 31, 2021

	2021	2020
	\$	\$
<b>Operating Activities</b>		
Deficiency of revenue over expenses for the year	(5,753)	(44,571)
Amortization of capital assets	557,604	551,470
Amortization of deferred capital contributions	(506,787)	(499,240)
Gain on disposal of capital assets	(2,200)	
Capital grants transferred to operations	(89,120)	(40,000)
<b>Working capital used by operations</b>	<b>(46,256)</b>	<b>(32,341)</b>
Changes in working capital components		
Accounts receivable	16,595	(1,836)
Sales tax recoverable	(6,988)	9,924
Prepaid expenses	4,781	(9,279)
Accounts payable and accrued liabilities	(16,400)	43,004
Government remittances payable	12,873	552
Deferred revenue	4,165	
	15,026	42,365
<b>Funds provided (used) by operating activities</b>	<b>(31,230)</b>	<b>10,024</b>
<b>Capital Activities</b>		
Proceeds on disposal of capital assets	2,200	
Capital expenditures	(264,670)	(100,371)
<b>Funds used by capital activities</b>	<b>(262,470)</b>	<b>(100,371)</b>
<b>Financing Activities</b>		
Deferred capital contribution received	320,000	317,000
<b>Increase in Cash and Cash Equivalents</b>	<b>26,300</b>	<b>226,653</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>1,809,136</b>	<b>1,582,483</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>1,835,436</b>	<b>1,809,136</b>

# NIAGARA DISTRICT AIRPORT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2021

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### Organization

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

### 1. Significant Accounting Policies

The financial statements of the Commission are the representations of management prepared in accordance with Canadian public sector accounting standards. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

#### Financial reporting framework

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

#### Revenue recognition

The Commission follows the deferral method of accounting for contributions. Deferred capital contributions are amounts received for the purchase and maintenance of capital assets. Contributions for the purchase of capital assets are deferred and amortized at a rate corresponding with the amortization rate for the related capital assets. Contributions for maintenance type capital expenditures are recognized as revenue in the period when the expenses are incurred. Other funds received for expenses of future periods are recognized as revenue in the period when the expenses are incurred. Unrestricted contributions, including municipal operating grants, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

# NIAGARA DISTRICT AIRPORT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2021

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### 1. Significant Accounting Policies - continued

#### Revenue recognition - continued

Unrestricted revenues including fuel operations, events, landing and parking fees and miscellaneous income are recognized as revenue when services are provided or goods are delivered. Rentals from land and office leases are recognized on a straight-line basis over the term of the agreements. Interest income is recognized in the statement of operations when earned.

#### Financial instruments

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

#### Contributed services

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

#### Capital assets and amortization

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Expenditures for maintenance and repairs are charged to operating expenses. Betterments that extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Commission's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value. Any unamortized deferred capital contribution amount related to the capital asset is recognized in gain or loss on disposal of capital assets in the statement of operations, provided there has been compliance with all restrictions.

# NIAGARA DISTRICT AIRPORT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2021

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### 1. Significant Accounting Policies - continued

#### Capital assets and amortization - continued

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

Land improvements	10 to 60 years
Buildings	20 to 60 years
Equipment	4 to 40 years
Furniture and fixtures	10 years
Computer equipment	3 to 6 years
Motor vehicles	5 to 20 years
Signs	2 to 20 years
External lighting	10 to 60 years
Linear assets	20 to 60 years

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

### 2. Economic Dependence

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

### 3. Budget figures

The budget figures presented on the statement of operations are based on the 2021 operating budget as approved by the Commission. These numbers have not been audited, but are presented for information purposes only. Budget figures have been reclassified to comply with PSAB for Government NPO's reporting requirements.

# NIAGARA DISTRICT AIRPORT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2021

### 4. Cash and Cash Equivalents

Cash and cash equivalents are composed of cash on hand, bank deposits available for withdrawal on demand and term deposits with original maturities of one year or less.

	2021	2020
	\$	\$
Operating account	15,433	35,736
Savings account	520,003	1,773,400
Term deposits - non redeemable	750,000	
- redeemable	550,000	
	<b>1,835,436</b>	<b>1,809,136</b>

	2021	2020
	\$	\$
Cash and Cash Equivalents		
Unrestricted	359,179	299,088
Restricted - unspent deferred capital contributions	927,659	961,450
Restricted - internally restricted net assets	548,598	548,598
	<b>1,835,436</b>	<b>1,809,136</b>

### 5. Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount and the unspent amount of grants received for capital related expenditures. The amortization of capital contributions is recorded in the statement of operations over the useful lives of the related capital assets. The changes in the deferred capital contributions balance for the year are as follows:

	2021	2020
	\$	\$
Balance, beginning of year	9,258,515	9,480,755
Add: contributions received for capital purposes	320,000	317,000
Less: net book value of capital assets disposed during the year	(2,255)	
Less: amortization of deferred capital contributions	(506,787)	(499,240)
Less: transferred to operations during the year	(89,120)	(40,000)
<b>Balance, End of Year</b>	<b>8,980,353</b>	<b>9,258,515</b>

As at December 31, 2021 there was \$ 927,659 (2020 - \$ 961,450) of deferred capital contributions received which was not spent.



# NIAGARA DISTRICT AIRPORT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2021

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### 6. Employee Future Benefits

The Commission makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of all its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The OMERS Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to over 500,000 active and retired members and approximately 1,000 employers.

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

The amount contributed to OMERS for 2021 was \$ 23,723 (2020 - \$ 12,140) for current services and is included as an expense on the statement of operations.

On January 1, 2021, the yearly maximum pensionable earnings increased to \$ 61,600 from \$58,700 in 2020. The contributions are calculated at a rate of 9.0% (2020 - 9.0%) for amounts up to the yearly maximum pensionable earnings stated above and at a rate of 14.6% (2020 - 14.6%) for amounts above the yearly maximum pensionable earnings.

### 7. Internally Restricted Net Assets

In May 2017, the Commission approved a motion to transfer \$ 560,000 to internally restricted net assets. Internally restricted net assets are not available for other purposes without approval of the Commission. The purpose of this internally restricted fund is to assist with the funding of future capital expenditures. In the current year \$ nil (2020 – \$ nil) was utilized for approved capital expenditures. A cumulative total of \$ 11,402 (2020 - \$ 11,402) has been spent on approved capital expenditures.

# NIAGARA DISTRICT AIRPORT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2021

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### 8. Capital Assets

#### Capital Assets Disclosed at Nominal Values

Where an estimate of fair market value could not be made for a capital asset, the asset has been recognized at a nominal value. Nominal values totaling \$ 17 have been assigned to Land (\$ 2), Land Improvements (\$ 4), Buildings (\$ 5), External Lighting (\$ 5) and Signage (\$ 1).

#### Acquisition of Capital Assets

During the year, capital assets were acquired at an aggregate cost of \$ 264,670 (2020 - \$100,371).

### 9. Financial Risks

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

#### Credit Risk

Credit risk is the risk that a counterparty will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Commission has accounts receivable which are exposed to credit risk. The Commission monitors, on an ongoing basis, the credit risk to which the Commission is exposed and takes measures to mitigate any risk of loss. Provisions against losses from bad debts are recorded according to credit risk, historical trends, general economic situations and other information. Accounts receivable are net of an allowance for doubtful accounts of \$ 228 (2020 - \$ 3,800). As a result of a decrease in accounts receivable, the Commission's exposure to credit risk has decreased over the prior year.

#### Interest Rate Risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Commission has term deposits of \$ 1,300,000 (2020 - \$ nil) that bears interest at fixed rates which will mature over the next fiscal year. Accordingly, the organization is exposed to the effects of fluctuations in market interest rates when these investments are reinvested. As a result of an increase in term deposits, the Commission's exposure to interest rate risk has increased over the prior year.

### 10. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenue and assets in the future. The Commission's contractual rights arise because of contracts entered into for land and office lease agreements. The amount received in 2021 as a result of these lease agreements was \$ 183,070 (2020 - \$ 149,428) including \$ 4,165 of deferred revenue (2020 - \$ nil). The lease agreements include annual CPI increases and expire between November 2022 and August 2037.

# NIAGARA DISTRICT AIRPORT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2021

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### 11. Related Party Transactions

Included in the subcontractors expense are fees paid to a commissioner of \$ 5,000 (2020 – \$ nil). These transactions were conducted in the normal course of operations and on terms similar to those with arm's length parties. They have been measured at the exchange amount being the amount of consideration established and agreed to by the related parties.

### 12. Request For Proposal

On September 1, 2021, the Niagara District Airport Commission (NDAC) released a Request for Proposal (RFP) to officially begin the process of finding a third party to operate the Niagara District Airport (NDA). The RFP invited proposals for a partner to enter into a long-term lease for the operations of the airport, located in the Town of Niagara-on-the-Lake.

Through this partnership, the NDAC seeks to improve the airport's competitiveness and efficiency, while reducing municipal investment in airport operations and maintaining public safety and security. The partner would be expected to facilitate increased infrastructure investments, demonstrate the willingness to strategically grow targeted route development, and shape the airport's role in connecting with community partners.

This RFP process is currently ongoing and is expected to conclude during the 2022 fiscal year. If a third party operator is chosen to operate the NDA, the operation and governance of the NDAC will change significantly.

### 13. Comparative Figures

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

# NIAGARA DISTRICT AIRPORT COMMISSION

Schedule 1

## SCHEDULE OF MUNICIPAL OPERATING GRANTS

for the year ended December 31, 2021

	Budget 2021 \$	Actual 2021 \$	Actual 2020 \$
City of St. Catharines	258,388	258,388	253,322
City of Niagara Falls	170,956	170,956	167,604
Town of Niagara-on-the-Lake	33,991	33,991	33,324
	<b>463,335</b>	<b>463,335</b>	<b>454,250</b>

**NIAGARA DISTRICT AIRPORT COMMISSION**

**Schedule 2**

**SCHEDULE OF EXPENSES - MAINTENANCE, BUILDING  
AND PROPERTY**

for the year ended December 31, 2021

	Budget 2021 \$	Actual 2021 \$	Actual 2020 \$
Building	20,000	11,270	21,838
Property	10,000	2,346	22,624
Runway	56,000	57,902	51,145
	<b>86,000</b>	<b>71,518</b>	<b>95,607</b>

**NIAGARA DISTRICT AIRPORT COMMISSION**

**Schedule 3**

**SCHEDULE OF EXPENSES - MAINTENANCE, VEHICLES AND  
EQUIPMENT**

for the year ended December 31, 2021

	Budget 2021 \$	Actual 2021 \$	Actual 2020 \$
Equipment	20,055	17,022	3,746
Gas and oil	20,000	16,171	12,775
Vehicles	15,000	10,655	49,785
	<b>55,055</b>	<b>43,848</b>	<b>66,306</b>

# NIAGARA DISTRICT AIRPORT COMMISSION

Schedule 4

## SCHEDULE OF EXPENSES - OPERATIONS

for the year ended December 31, 2021

	Budget 2021 \$	Actual 2021 \$	Actual 2020 \$
Accounting and payroll service	12,000	7,498	13,000
Advertising	2,000	1,486	3,456
Audit	13,000	12,750	12,000
Bad debt	1,000	(3,572)	3,800
Commissioners' expenses	1,000	850	65
Conferences and meetings	6,000	806	3,519
Consulting services	20,000	2,640	1,930
Hydro and heating	28,000	26,245	26,466
Insurance	17,000	19,564	14,558
IT expenses		5,915	
Legal	12,000	21,677	7,177
Miscellaneous	850	4,024	2,781
Office and general	12,500	12,601	10,307
Payment in lieu of taxes			14,250
Request for proposal expenses – Note 12		49,120	
Safety management systems	5,500	6,000	5,478
Telephone and communications	10,000	19,394	14,940
Training	10,000	3,845	625
Waste management	3,600	3,113	
Water and sewage	15,500	11,700	11,747
	<b>169,950</b>	<b>205,656</b>	<b>146,099</b>

# NIAGARA DISTRICT AIRPORT COMMISSION

Schedule 5

## SCHEDULE OF EXPENSES - PERSONNEL

for the year ended December 31, 2021

	Budget 2021 \$	Actual 2021 \$	Actual 2020 \$
Salary and wages	399,830	416,443	256,388
Employee benefits – Note 6	82,500	87,640	52,318
Subcontractors – Note 11	7,000	44,073	131,446
	<b>489,330</b>	<b>548,156</b>	<b>440,152</b>



**NIAGARA DISTRICT AIRPORT COMMISSION**

**Schedule 6**

**SCHEDULE OF CAPITAL ASSETS**

for the year ended December 31, 2021

	Balance, Beginning of Year	Cost		Balance, End of Year	Balance, Beginning of Year	Accumulated Amortization		Balance, End of Year	Net Book Value
		Additions	Disposals and Write- downs			Amortization	Disposals		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	25,437			25,437					25,437
Land improvements	7,385,405	123,570		7,508,975	3,487,075	345,517		3,832,592	3,676,383
Buildings	1,795,466			1,795,466	450,439	46,010		496,449	1,299,017
Equipment	1,555,595	28,219	(6,654)	1,577,160	454,126	64,712	(4,400)	514,438	1,062,722
Furniture and fixtures	32,302			32,302	28,816	1,848		30,664	1,638
Computer equipment	43,712	6,166		49,878	19,499	6,845		26,344	23,534
Motor vehicles	364,328	37,213	(12,656)	388,885	161,540	23,993	(12,656)	172,877	216,008
Signs	50,155			50,155	13,103	2,508		15,611	34,544
External Lighting	1,567,109	4,000		1,571,109	403,437	42,558		445,995	1,125,114
Linear assets	1,088,909	7,550		1,096,459	225,558	23,613		249,171	847,288
	13,908,418	206,718	(19,310)	14,095,826	5,243,593	557,604	(17,056)	5,784,141	8,311,685
<b>Work in progress</b>	24,537	57,952		82,489					82,489
	<b>13,932,955</b>	<b>264,670</b>	<b>(19,310)</b>	<b>14,178,315</b>	<b>5,243,593</b>	<b>557,604</b>	<b>(17,056)</b>	<b>5,784,141</b>	<b>8,394,174</b>

NIAGARA DISTRICT AIRPORT COMMISSION

Schedule 7

SCHEDULE OF CAPITAL ASSETS

for the year ended December 31, 2020

	Balance, Beginning of Year	Cost		Balance, End of Year	Balance, Beginning of Year	Accumulated Amortization		Balance, End of Year	Net Book Value
		Additions	Disposals and Write- downs			Amortization	Disposals		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	25,437			25,437					25,437
Land improvements	7,385,405			7,385,405	3,143,380	343,695		3,487,075	3,898,330
Buildings	1,795,466			1,795,466	404,429	46,010		450,439	1,345,027
Equipment	1,493,569	62,026		1,555,595	394,015	60,111		454,126	1,101,469
Furniture and fixtures	32,302			32,302	25,586	3,230		28,816	3,486
Computer equipment	26,999	16,713		43,712	14,273	5,226		19,499	24,213
Motor vehicles	364,328			364,328	136,387	25,153		161,540	202,788
Signs	50,155			50,155	10,595	2,508		13,103	37,052
External Lighting	1,514,639	52,470		1,567,109	361,111	42,326		403,437	1,163,672
Linear assets	1,085,455	3,454		1,088,909	202,347	23,211		225,558	863,351
	13,773,755	134,663		13,908,418	4,692,123	551,470		5,243,593	8,664,825
<b>Work in progress</b>	58,829	18,178	52,470	24,537					24,537
	<b>13,832,584</b>	<b>152,841</b>	<b>52,470</b>	<b>13,932,955</b>	<b>4,692,123</b>	<b>551,470</b>		<b>5,243,593</b>	<b>8,689,362</b>