

Consolidated Financial Statements of

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

And Independent Auditor's Report thereon

Year ended December 31, 2024

REPORT ON MANAGEMENT RESPONSIBILITY

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

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

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

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

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



Mathew Siscoe
Mayor
October 10, 2025



David Oakes
Chief Administrative Officer
October 10, 2025



KPMG LLP

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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2024, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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



Page 2

management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



Page 3

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 10, 2025

THE CORPORATION OF THE CITY OF ST. CATHARINES

Consolidated Financial Statements

	Page
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Changes in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to the Consolidated Financial Statements	5 – 30
Schedule 1 – Tangible Capital Assets	31 – 32

TRUST FUNDS

Statement of Financial Position - Trust Funds	36
Statement of Operations and Accumulated Surplus - Trust Funds	37
Notes to the Trust Fund Financial Statements	38

THE CORPORATION OF THE CITY OF ST. CATHARINES

Consolidated Statement of Financial Position

Year ended December 31, 2024, with comparative information for 2023
(In thousands of dollars)

	2024	2023
Financial Assets		
Cash	\$ 124,028	\$ 93,390
Investments (note 2)	51,712	50,353
Taxes receivable	15,957	12,163
Accounts receivable	26,091	31,000
Inventories held for resale	174	178
Loans receivable (note 3)	513	574
Note receivable - St. Catharines Hydro Inc. (note 4)	7,754	7,754
Other asset (note 20)	1,197	783
Investment in government entities (note 4)	118,185	114,092
	<u>345,611</u>	<u>310,287</u>
Liabilities		
Accounts payable and accrued liabilities (note 5)	42,082	38,033
Deferred revenue - obligatory reserve funds (note 6)	32,791	34,350
Other current liabilities	15,635	6,696
Post-employment benefits (note 7)	16,794	16,665
Other liabilities (note 9)	4,107	6,016
Landfill post-closure liability (note 17)	3,087	3,402
Net long-term liabilities (note 10)	94,818	98,752
Asset retirement obligation (note 11)	9,760	9,295
	<u>219,074</u>	<u>213,209</u>
Net financial assets	126,537	97,078
Non-Financial Assets		
Tangible capital assets (schedule 1)	834,798	833,138
Inventories	1,139	1,166
Prepaid expenses	7,029	7,814
	<u>842,966</u>	<u>842,118</u>
Contractual obligations and commitments (notes 9 and 15)		
Contingent liabilities (note 16)		
Accumulated surplus (note 12)	\$ 969,503	\$ 939,196

See accompanying notes to consolidated financial statements.

Signed on behalf of the City:



Mayor



Chief Administrative Officer

THE CORPORATION OF THE CITY OF ST. CATHARINES

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023
(In thousands of dollars)

	Budget (note 19)	2024	2023
Revenue:			
Taxation	\$ 121,673	\$ 123,251	\$ 123,889
User fees and charges	77,666	81,443	77,842
Government grants (note 18)	11,697	12,680	7,785
Interest and penalties	2,242	3,720	1,942
Investment income	9,688	7,960	6,922
Donations	1,773	1,061	1,126
Other	16,639	23,166	16,289
Developer contributed tangible capital assets	–	3	69,970
Equity income in government entities and interest income (note 4)	–	9,036	15,223
Loss on disposal of tangible capital assets	(593)	(918)	(2,602)
	240,785	261,402	318,386
Expenses:			
General government	28,716	28,487	17,839
Protection to persons and property	39,897	41,031	41,535
Transportation services	38,507	30,664	26,933
Environmental services	63,630	58,664	54,690
Health services	2,619	3,190	2,878
Social and family services	1,192	1,218	1,083
Recreation and cultural services (note 20)	57,140	56,706	51,633
Planning and development	13,408	11,135	9,262
	245,109	231,095	205,853
Annual surplus (deficit) before restructuring event	(4,324)	30,307	112,533
Restructuring event (note 22)	–	–	(37,334)
Annual surplus (deficit)	(4,324)	30,307	75,199
Accumulated surplus, beginning of year, as previously reported	939,196	939,196	871,130
Change in accounting policy	–	–	(7,133)
Accumulated surplus, beginning of year, restated	939,196	939,196	863,997
Accumulated surplus, end of year	\$ 934,872	\$ 969,503	\$ 939,196

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, 2024, with comparative information for 2023

(In thousands of dollars)

	2024	2023
Annual surplus	\$ 30,307	\$ 75,199
Acquisition of tangible capital assets (schedule 1)	(32,978)	(26,755)
Amortization of tangible capital assets (schedule 1)	30,374	29,777
Loss on disposal of tangible capital assets	918	2,602
Contributed tangible capital assets	(3)	(69,970)
Proceeds on disposal of tangible capital assets	29	131
Restructuring event (note 22)	–	38,249
Change in inventories	27	847
Change in prepaid expenses	785	(5,543)
	29,459	44,537
Net financial assets, beginning of year	97,078	52,541
Net financial assets, end of year	\$ 126,537	\$ 97,078

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023
(In thousands of dollars)

	2024	2023
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 30,307	\$ 75,199
Items not involving cash:		
Restructuring event (note 22)	–	38,249
Amortization of tangible capital assets (schedule 1)	30,374	29,777
Loss on disposal of tangible capital assets	918	2,602
Contributed tangible capital assets	(3)	(69,970)
Change in asset retirement obligation (note 11)	465	443
Equity income from government entities (note 4)	(8,520)	(14,668)
	23,234	(13,567)
Change in non-cash assets and liabilities:		
Change in taxes receivable	(3,794)	(1,697)
Change in accounts receivable	4,909	3,081
Change in loans receivable	61	56
Change in inventories, total	31	837
Change in other financial assets	(414)	(414)
Change in prepaid expenses	785	(5,543)
Change in accounts payable and accrued liabilities	4,049	(5,985)
Change in deferred revenue - obligatory reserve funds	(1,559)	(829)
Change in other current liabilities	8,939	(92)
Change in post-employment benefits	129	294
Change in landfill post-closure liability	(315)	(1,712)
	12,821	(12,004)
Net increase in cash from operations	66,362	49,628
Capital:		
Acquisition of tangible capital assets	(32,978)	(26,755)
Proceeds on disposal of tangible capital assets	29	131
Net decrease in cash used in capital activities	(32,949)	(26,624)
Investing:		
Dividends received from St. Catharines Hydro Inc. (note 4)	4,427	4,340
Change in investments	(1,359)	(7,329)
Net cash from (used in) investing activities	3,068	(2,989)
Financing		
Repayment of NHS obligation	(1,909)	(1,817)
Long-term debt issued (note 10)	9,800	2,210
Long-term debt repaid	(13,734)	(16,834)
Net decrease in cash used in financing activities	(5,843)	(16,441)
Increase in cash	30,638	3,574
Cash, beginning of year	93,390	89,816
Cash, end of year	\$ 124,028	\$ 93,390

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements

Year ended December 31, 2024

(In thousands of dollars)

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

1. Significant accounting policies:

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

(a) Basis of consolidation:

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

These reporting entities include:

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

St. Catharines Transit Commission was amalgamated into the Niagara Transit Commission on January 1, 2023 – see Restructuring Event note 22 for additional details.

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

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

- (ii) Partial-consolidated entities:

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

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024
(In thousands of dollars)

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(ii) Partial-consolidated entities (continued):

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

(iii) Accounting for Region and School Board transactions:

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

(iv) Trust funds:

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

(b) Basis of accounting:

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

(c) Investments:

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

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

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

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

(In thousands of dollars)

1. Significant accounting policies (continued):

(c) Investments (continued):

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

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

(d) Loans and note receivable:

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

(e) Non-financial assets:

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

(i) Tangible capital assets:

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

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024
(In thousands of dollars)

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt and are also recorded as revenue. Similarly, transfer of assets to third parties are recorded as an expense equal to the net book value of the asset as at the date of transfer. The historical cost of works of art or historical treasures has not been assigned to these assets nor disclosed in the consolidated financial statements.

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

(ii) Inventories:

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

(f) Deferred revenue:

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

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

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

(In thousands of dollars)

1. Significant accounting policies (continued):

(g) Other income:

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

(h) Investment income:

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

(i) Taxation revenue:

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

(j) Post-employment benefits:

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

(k) Landfill post-closure care:

The City recognizes a liability for the post-closure care of landfills under its control based on the estimated total expenditure associated with post-closure care activities, discounted to year-end. Post-closure care is estimated to be required for the contaminating lifespan of landfill sites, which as at December 31, 2024 is estimated at 25 years remaining. Disbursements made related to post-closure care costs are charged against the liability in the Consolidated Statement of Financial Position. Changes in assumptions resulting in changes to the liability are expensed in the Consolidated Statement of Operations and Accumulated Surplus.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024
(In thousands of dollars)

1. Significant accounting policies (continued):

(l) Contaminated sites:

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

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

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

(m) Asset retirement obligations:

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

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

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

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

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

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

(In thousands of dollars)

1. Significant accounting policies (continued):

(n) Government transfers:

Government transfers are recognized in the consolidated financial statements in the period in which the transfer is authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished. Government transfers made by the City are recognized as expenses once the grant is paid.

(o) Use of estimates:

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include accounts receivable, tangible capital assets, accounts payable and accrued liabilities, employee future benefits, and landfill post-closure and other asset retirement liabilities. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results.

(p) Adoption of new accounting standards:

The City adopted the following standards concurrently beginning January 1, 2024: PS 3400 *Revenue*, PSG – 8 *Purchased Intangibles* and PS 3160 *Public Private Partnerships*.

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligation (i.e., the payor expects a good or service from the City), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

For exchange transactions, revenue is recognized when a measurable component of a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

PSG- 8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

PS 3160 *Public Private Partnerships* ("P3s") provide specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024
(In thousands of dollars)

1. Significant accounting policies (continued):

(p) Adoption of new accounting standards (continued):

The City has adopted these standards on a prospective basis and these new standards did not have a significant impact on the consolidated financial statements.

2. Investments:

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

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 (2023 - \$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:

2025	\$	55
Thereafter		458
Total	\$	513

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

(In thousands of dollars)

4. Investment in government entities:

St. Catharines Hydro Inc.

	2024	2023
Statement of financial position:		
Current assets	\$ 9,606	\$ 9,947
Investments	129,656	123,924
Capital assets	13,560	13,037
Deferred tax asset	82	74
Total assets	152,904	146,982
Current liabilities	606	244
Long-term note payable***	7,754	7,754
Deferred tax liability	26,398	24,892
Total liabilities	34,758	32,890
Shareholder's equity	\$ 118,146	\$ 114,092

	2024	2023
Statement of comprehensive income		
Revenue (including income tax recovery)	\$ 12,537	\$ 20,763
Expenses (including income tax provision)	4,056	6,095
Net income	8,481	14,668
Total net income and comprehensive income	\$ 8,481	\$ 14,668

Changes in investment in St. Catharines Hydro Inc.:

	2024	2023
Opening balance	\$ 114,092	\$ 103,764
Comprehensive income	8,481	14,668
Dividends received	(4,427)	(4,340)
Total investment	\$ 118,146	\$ 114,092

*** The \$7,754 long-term note payable above by St. Catharines Hydro Inc. is due to the City and bears interest at 7.15% with no fixed terms of repayment and is unsecured. The City has agreed not to call the note prior to January 1, 2025. During the year, the City received \$554 (2023 - \$554) in interest on the outstanding notes receivable. The interest income of \$554 is included in equity income in St. Catharines Hydro Inc. on the Consolidated Statement of Operations and Accumulated Surplus.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024
(In thousands of dollars)

4. Investment in government entities (continued):

The St. Catharines Municipal Development Corporation (MDC) was incorporated on June 20, 2024, with operations commencing December 2024. The MDC was established to deliver initiatives that will create more attainable and affordable housing by leveraging assets contributed by the City of St. Catharines (the "City") with partnerships in the private sector.

The City is the sole shareholder of the MDC and the MDC reports its financial results under International Financial Reporting Standards. City contributions to the MDC are recognized as shareholder contributions (shareholder loan, equity). For detailed information on the MDC's results, please consult the non-consolidated MDC financial statements.

St. Catharines Municipal Development Corporation

	2024
Statement of financial position:	
Current assets	\$ 44
Total assets	44
Current liabilities	5
Total liabilities	5
Shareholder's equity	\$ 39

	2024
Statement of comprehensive income	
Revenue (including income tax recovery)	\$ –
Expenses (including income tax provision)	11
Net income	(11)
Total net income and comprehensive income	\$ (11)

Changes in investment in St. Catharines Municipal Development Corporation:

	2024
Opening balance	\$ –
Shareholder contributions	50
Comprehensive income	(11)
Total investment	\$ 39

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

(In thousands of dollars)

5. Accounts payable and accrued liabilities:

The accounts payable balance is as follows:

	2024		2023	
Trade accounts payable	\$	8,102	\$	1,916
Payables to other governments		9,306		4,240
Payables to school boards		3		6
Tax Allowance		645		4,916
Special deposits		8,086		6,093
Accrued wages and benefits		5,507		3,444
Debenture interest		(99)		1,131
AD&D arbitration liability		1,816		2,391
Other		8,716		13,896
Total	\$	42,082	\$	38,033

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:

	2023		Externally restricted inflows	Revenue earned		2024		
Import and development	\$	4,615	\$	974	\$	(2,515)	\$	3,074
Subdivider deposits		621		43		(168)		496
Planning Act		5,386		1,932		(1)		7,317
Building Code Act		1,695		89		(1,241)		543
Future sidewalks		1,362		72		–		1,434
Canada Community-Building Fund		20,671		5,505		(6,249)		19,927
Total	\$	34,350	\$	8,615	\$	(10,174)	\$	32,791

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024
(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, 2022.

The City pays certain medical, dental and life insurance benefits on behalf of its retired employees. The City recognizes these post-retirement costs in the period in which the employees render the services. The accrued benefit obligation was determined by actuarial valuation using a discount rate of 4.60% (2023 - 4.60%).

The City has established a reserve for the accumulated sick leave liability. The balance as at December 31, 2024 is \$462 (2023 - \$753).

	2024	2023
Accrued benefit obligation, beginning of year	\$ 14,456	\$ 14,208
Interest	677	621
Payments	(1,408)	(1,289)
Current service cost - benefits	976	916
	14,701	14,456
Unamortized actuarial gain	2,093	2,209
Liability, end of year	\$ 16,794	\$ 16,665

Amortization of the net actuarial loss (2023 - gain) of \$108 (2023 - \$46) has been included in expenses on the Consolidated Statement of Operations and Accumulated Surplus. The main actuarial assumptions employed for the valuation are as follows:

General Inflation - Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.00% in 2024 and thereafter.

Medical Costs - Medical costs were assumed to increase at a rate of 7.03%, downgrading to 4.50% by 2043.

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

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024
(In thousands of dollars)

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, 2024, no credit has been drawn upon (2023 - \$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 a total of \$31,200 payable annually in the amount of \$2,209 until 2026. In order to fund the contribution, the City has approved a special hospital tax levy in the amount of \$2,209 until 2026.

Remaining principal payments are as follows:

2025	\$	2,209
2026		2,209
		4,418
Interest		(311)
	\$	4,107

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024
(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:

	2024	2023
Serial debentures issued by Region of Niagara, beginning of year	\$ 91,769	\$ 106,213
Less:		
Principal repayment	(13,552)	(14,416)
Transit debt transfer to Niagara Region	-	(2,238)
Add: new debt issued	9,800	2,210
Total serial debentures	88,017	91,769
Sinking fund debenture, beginning on year	9,333	9,333
Less: Sinking fund assets	(2,532)	(2,350)
Total sinking fund debenture	6,801	6,983
Net long-term debentures, end of year	\$ 94,818	\$ 98,752

Interest rates on serial debentures range from 1.0% to 5.0%. Repayments are as follows:

2025	\$ 13,127
2026	12,106
2027	11,186
2028	9,828
2029	8,177
Thereafter	40,394
	\$ 94,818

- (b) The long-term liabilities in (a) issued in the name of the City approved after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) Interest expense on long-term debt amounted to \$3,169 (2023 - \$3,690).

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

(In thousands of dollars)

11. Asset retirement obligation:

The City recognizes obligations for the removal or remediation of asbestos-containing materials existing in any of its buildings. The obligation is determined based on the estimated discounted cash flows that will be required in the future to remove or remediate the asbestos-containing materials in accordance with current legislation.

	2024	2023
Balance, beginning of year	\$ 9,295	\$ 8,852
Add: Accretion expense	465	443
Balance, end of year	\$ 9,760	\$ 9,295

12. Accumulated surplus:

	2024	2023
Invested in tangible capital assets	\$ 834,798	\$ 833,138
Unexpended capital financing	24,195	22,224
Operating fund	18,590	20,091
Reserves and reserve funds	94,657	77,180
Other asset (note 21)	1,197	783
Equity in government entities (note 5)	125,940	121,846
	1,099,377	1,075,262
Amounts to be recovered:		
Post-employment benefits	(16,794)	(16,700)
Landfill post-closure liability	(3,087)	(3,402)
Net long-term liabilities	(96,126)	(100,653)
Asset retirement obligation	(9,760)	(9,295)
Hospital obligation	(4,107)	(6,016)
	(129,874)	(136,066)
	\$ 969,503	\$ 939,196

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

(In thousands of dollars)

12. Accumulated surplus (continued):

(a) Operating fund balance:

	2024	2023
To be applied in the following year to operations:		
Operating fund	\$ 5,803	\$ 9,127
First Ontario Performing Art Centre	46	44
Airport commission	428	451
To be applied to water operations for the following year	12,313	10,469
	\$ 18,590	\$ 20,091

(b) Reserves and reserve fund balances:

	2024	2023
Reserves set aside by council for specific purposes:		
Replacement of equipment	\$ 8,201	\$ 5,301
Cumulative sick leave	462	753
Library purposes	3,879	4,741
Encumbrances	13,004	10,062
Building improvements	3,646	3,101
Cemetery	19	19
Hydro funds	302	302
Winter control	3,562	2,419
Tax rate stabilization	8,163	5,070
Infrastructure levy	6,118	4,366
Litigation/insurance	1,190	851
Election reserve	549	381
Meridian Centre capital	795	795
Community Improvement Plan funds	9,299	8,608
Sewer capital	8,119	8,119
FAIR program	30	30
Fallen Worker Memorial	235	235
Green Initiatives	938	926
FirstOntario Performing Arts Centre capital	833	643
Port Dalhousie piers	300	200
Tax levy capital	215	215
Development charge exemption	2,182	582
Affordable housing	14	14
Special tax mitigation	7,571	7,571
Storm sewer repairs	1,500	300
Sanitary sewer repairs	708	383
	81,834	65,987

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024
(In thousands of dollars)

12. Accumulated surplus (continued):

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

	2024	2023
Reserve funds set aside by council for specific purposes:		
Actifest	\$ –	\$ 6
Business improvement purposes	294	272
Civic Project Fund	6,947	7,041
Mausoleum	997	889
Parking	1,891	1,120
FirstOntario Performing Arts Centre	631	556
Parks	22	22
Canada Games Park capital	1,197	783
Canada Games Park operating	38	15
Accommodation tax	806	489
	12,823	11,193
	\$ 94,657	\$ 77,180

13. Trust funds:

Trust funds administered by the City amounting to \$10,907 (2023 - \$10,721) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

14. Pension agreements:

The City makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 1,023 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 \$2.9 billion as of December 31, 2024 (2023 - \$4.2 billion). Ongoing deficits may result in required increases to future required contributions.

The amount contributed to OMERS for 2024 was \$2,913 (2023 - \$3,131) for current service and is included as an expense in the Consolidated Statement of Operations and Accumulated Surplus. There was no change in contribution rates in 2024.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024
(In thousands of dollars)

15. Contractual obligations and commitments:

Capital expenditures:

The estimated future capital expenditures based on projects in progress at December 31, 2024 is approximately \$133,242 (2023 - \$95,371) after deducting the expenditures incurred as at December 31, 2024. These projects will be financed by unexpended capital financing, grants, subsidies and long-term liabilities in future years.

16. 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.

17. 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 2049 and have been inflation adjusted at 1.8% (2023 – 2.6%) per annum. These costs were then discounted to December 31, 2024 using a discount rate of 4.6% (2023 – 4.6%).

The total monitoring costs are estimated to be \$5,383 (2023 - \$5,993) over the estimated monitoring period before applying the discount rate. The liability for post-closure as at December 31, 2024 is \$3,087 (2023 - \$3,402). Estimated annual expenditures for post-closure care are \$172 (2023 - \$173) and are expected to be incurred for the next 25 years.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

(In thousands of dollars)

18. Government grants:

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

	Budget	2024	2023
Municipal grants:			
Region of Niagara	\$ 1,618	\$ 2,597	\$ 494
Provincial grants:			
Ontario Municipal Partnership Fund	224	224	264
Planning and Development	221	318	1,044
Other Provincial Grants	3,327	2,671	2,781
	3,772	3,213	4,089
Federal grants:			
Canada Community-Building Fund	6,249	6,249	2,471
Other Federal Grants	58	621	731
	6,307	6,870	3,202
Total grant revenues	\$ 11,697	\$ 12,680	\$ 7,785
Expenses:			
Charitable and non-profit organizations	\$ 441	\$ 436	\$ 444
Total expenses	\$ 441	\$ 436	\$ 444

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024
(In thousands of dollars)

19. Budget figures:

The Budget data presented in these consolidated financial statements are based upon the 2024 operating and capital budgets approved by the Mayor on January 22, 2024. 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	\$ 132,721
Add:	
Revenue in expense departments	20,884
Parking revenues	3,139
Water and wastewater revenues	66,633
Municipal accommodation tax revenue	350
Library revenue	333
Airport revenue	222
Canada Games Park revenue	529
BIAs revenue	14
FOPAC revenue	4,796
Grants in capital budget	10,024
Grants expenses in revenue budget	1,924
Transfer to Parking in revenue budget	604
In-year budget adjustments	770
Less:	
Transfer to reserve in revenue budget	(2,158)
Total budgeted revenue	240,785
Expenses:	
Operating budget as approved	132,721
Add:	
Revenue included in expense departments	20,884
Amortization - City	30,372
Transfers from reserve	
Water and wastewater expenses	72,294
Parking expenses	4,269
Municipal accommodation tax expenses	210
Canada Games Park expenses	529
Library expenses	(227)
Airport expenses	244
BIAs expenses	14
FOPAC expenses	4,720
CIP expenses included in revenue	1,924
Employee future benefits, ARO accretion, and closed landfill liability	457
Costs expensed from capital work in progress	7,868
Less:	
Debt principal payments	(14,327)
Transfers to reserve	(11,201)
In-year budget adjustments	(4,808)
Transfer from Levy in Parking budget	(834)
Transfer to capital	
Total budgeted expenses	245,109
Budgeted deficit	\$ (4,324)

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

(In thousands of dollars)

20. Investment in Canada Games Park:

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

	2024	2023
Consolidated statement of financial position:		
Cash	\$ 37	\$ 40
Accounts receivable	98	98
Total financial assets	135	138
Accounts payable and accrued liabilities	78	96
Other current liabilities	34	32
Total liabilities	112	128
Tangible capital assets	23,028	24,399
Inventories	2	1
Prepaid expenses	12	3
Total non-financial assets	23,042	24,403
Accumulated surplus	\$ 23,065	\$ 24,413

	2024	2023
Consolidated statement of operations and accumulated surplus:		
Donations	\$ 246	\$ 227
Other	577	497
Total revenue	823	724
Recreational and culture services	2,171	1,742
Total expenses	2,171	1,742
Annual deficit	\$ (1,348)	\$ (1,018)

As part of the Consortium and Co-tenancy Agreement for the Park, the City is required to deposit on each anniversary date of project completion, its proportionate share (25%) of the capital reserve. The reserve fund is held in trust by the Regional Municipality of Niagara. During the year, the City contributed \$414 (2023 - \$414) to the capital reserve and is recorded in Other Assets on the Consolidated Statement of Financial Position.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024
(In thousands of dollars)

21. Segmented reporting:

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

(a) General Government:

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

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

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

Social and Family Services includes the administration, operation and maintenance of seniors' programs and facilities.

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

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

(b) Protection to Persons and Property:

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

(c) Transportation Services:

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

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

(In thousands of dollars)

21. Segmented reporting (continued):

(d) Environmental services:

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

(e) Recreation/Culture Services:

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

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

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

(In thousands of dollars)

21. Segmented reporting (continued):

2024	General Government	Protection	Transportation	Environment	Recreation/ Culture	Total
Revenue:						
Taxation	\$ 30,665	\$ 28,773	\$ 19,193	\$ 1,365	\$ 40,057	\$ 120,053
Taxation from other governments	817	767	511	36	1,067	3,198
User fees and charges	5,049	1,018	1,694	69,437	4,245	81,443
Government grants (note 18)	2,063	2,376	4,010	3,576	655	12,680
Interest and penalties	950	892	595	42	1,241	3,720
Investment income	2,033	1,908	1,272	90	2,657	7,960
Donations	141	—	—	—	920	1,061
Other (including developer contributed TCA)	2,267	5,701	2,657	726	11,818	23,169
Equity income in government entities and interest income	9,036	—	—	—	—	9,036
Loss on disposal of tangible capital assets	(6)	(4)	(156)	(71)	(681)	(918)
Total revenues	53,015	41,431	29,776	75,201	61,979	261,402
Expenses:						
Salaries and wages	27,491	33,653	13,735	3,110	25,326	103,315
Operating materials and supplies	14,959	3,814	4,123	42,967	14,743	80,606
Contracted services	2,509	1,360	1,972	691	3,223	9,755
Rents and financial expenses	221	20	82	3	324	650
Interfunctional transfers	(7,329)	870	(1,883)	6,307	2,036	1
External transfer	2,242	32	408	—	184	2,866
Amortization (schedule 1)	3,467	1,159	11,122	5,218	9,408	30,374
Debt service	470	123	1,105	368	1,462	3,528
Total expenses	44,030	41,031	30,664	58,664	56,706	231,095
Annual surplus	\$ 8,985	\$ 400	\$ (888)	\$ 16,537	\$ 5,273	\$ 30,307

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024
(In thousands of dollars)

21. Segmented reporting (continued):

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

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024
(In thousands of dollars)

22. Restructuring event:

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

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

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

THE CORPORATION OF THE CITY OF ST. CATHARINES

Schedule 1 - Tangible Capital Assets

Year ended December 31, 2024

(In thousands of dollars)

2024	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	\$ 56,575	\$ —	\$ 27	\$ 56,548	\$ —	\$ —	\$ —	\$ —	\$ 56,548	
Land improvements	136,488	6,774	390	142,872	41,405	3,782	302	44,885	97,987	
Buildings, improvements and components	275,442	1,367	650	276,159	89,107	6,895	125	95,877	180,282	
Machinery and equipment	21,350	1,612	1,143	21,819	13,609	1,404	1,130	13,883	7,936	
Furniture and fixtures	11,501	255	120	11,636	6,869	527	84	7,312	4,324	
Information technology	10,494	619	405	10,708	6,931	976	393	7,514	3,194	
Vehicles	12,061	179	109	12,131	7,875	582	98	8,359	3,772	
	523,911	10,806	2,844	531,873	165,796	14,166	2,132	177,830	354,043	
Infrastructure:										
Land	2,760	68	56	2,772	—	—	—	—	2,772	
Land improvements	16,065	174	7	16,232	4,645	383	7	5,021	11,211	
Buildings, improvements and components	41,635	55	—	41,690	15,286	1,103	—	16,389	25,301	
Machinery and equipment	27,343	1,436	714	28,065	15,204	1,465	644	16,025	12,040	
Information technology	601	32	12	621	444	103	12	535	86	
Vehicles	11,413	1,881	1,085	12,209	6,482	1,000	1,085	6,397	5,812	
Linear	751,370	3,907	492	754,785	361,061	12,154	383	372,832	381,953	
	851,187	7,553	2,366	856,374	403,122	16,208	2,131	417,199	439,175	
Work in progress:										
Opening balance	197,760	14,379	—	212,139	—	—	—	—	212,139	
Internal transfers	(170,802)	243	—	(170,559)	—	—	—	—	(170,559)	
Subtotal: Work in progress	26,958	14,622	—	41,580	—	—	—	—	41,580	
Total December 2023	\$ 1,402,056	\$ 32,981	\$ 5,210	\$ 1,429,827	\$ 568,918	\$ 30,374	\$ 4,263	\$ 595,029	\$ 834,798	

THE CORPORATION OF THE CITY OF ST. CATHARINES

Schedule 1 - Tangible Capital Assets (continued)

Year ended December 31, 2022

(In thousands of dollars)

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



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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2024
- 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, 2024, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



Page 35

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 10, 2025

THE CORPORATION OF THE CITY OF ST. CATHARINES

Statement of Financial Position - Trust Funds

As at December 31, 2024, with comparative information for 2023

	Cemetery Perpetual Care Fund	Marker Care and Maintenance Fund	Memorial Forest	2024 Total	2023 Total
Financial assets					
Cash	\$ 2,406	\$ 69	\$ –	\$ 2,475	\$ 1,815
Investments	7,814	692	–	8,506	8,420
Accrued interest	59	1	–	60	60
Accounts receivable	18	1	–	19	19
Due from operating fund	–	10	15	25	25
	\$ 10,297	\$ 773	\$ 15	\$ 11,085	\$ 10,721
Liabilities					
Due to operating fund	\$ 179	\$ –	\$ –	\$ 179	\$ 382
Accumulated surplus and net financial assets					
	\$ 10,118	\$ 773	\$ 15	\$ 10,906	\$ 10,721

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, 2024, with comparative information for 2023

	Cemetery Perpetual Care Fund	Marker Care and Maintenance Fund	Memorial Forest	2024 Total	2023 Total
Receipts:					
Sales of plots, crypts and markers	\$ 166	\$ 29	\$ –	\$ 195	\$ 285
Interest	464	20	–	484	457
Donations	–	–	11	11	20
	630	49	11	690	762
Expenditures					
Contribution to operating fund	464	20	–	484	457
Administration	–	–	21	21	20
	464	20	21	505	477
Annual surplus	166	29	(10)	185	285
Accumulated surplus, beginning of year	9,952	744	25	10,721	10,436
Accumulated surplus, end of year	\$ 10,118	\$ 773	\$ 15	\$ 10,906	\$ 10,721

See accompanying notes to financial statements.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Trust Funds Financial Statements

Year ended December 31, 2024

1. Significant accounting policies:

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

(a) Basis of presentation:

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

(b) Investment income:

Investment income is reported as revenue in the period earned.

(c) Investments:

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

2. Due to/from operating fund:

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