

**CORPORATION OF THE CITY OF ST. THOMAS**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**INDEPENDENT AUDITOR'S REPORT**

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**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the City of St. Thomas**

**Opinion**

We have audited the accompanying financial statements of Corporation of the City of St. Thomas (the "City"), which comprise the Consolidated Statement of Financial Position as at December 31, 2020, and Consolidated Statements of Operations and Accumulated Surplus, Cash Flows and Change in Net Financial Assets (Debt) 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 Corporation of the City of St. Thomas as at December 31, 2020 and its financial performance and its cash flows and change in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

**Basis of 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 City 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 City's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City'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 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:

- 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 City'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 City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City 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.

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.

**October 18, 2021**  
**London, Canada**

*Scrimgeour & Company*  
**LICENSED PUBLIC ACCOUNTANT**

**CORPORATION OF THE CITY OF ST. THOMAS  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2020**

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments (note 1.i)	\$ 65,932,327	\$ 38,549,596
Taxes receivable	1,378,856	2,732,212
Accounts receivable	12,550,176	11,668,040
Land held for resale	3,556,058	3,556,058
Investment in Entegrus Inc. (note 11)	32,659,826	33,017,986
	<b>116,077,243</b>	<b>89,523,892</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	18,726,967	14,990,974
Deferred revenue (note 7)	30,121,960	24,012,133
Accrual for future tax reassessments	-	1,967,424
Employee benefits payable (note 6)	14,924,987	13,744,506
Net long-term liabilities (note 8)	41,611,953	35,779,674
	<b>105,385,867</b>	<b>90,494,711</b>
<b>NET FINANCIAL ASSETS</b>	<b>10,691,376</b>	<b>(970,819)</b>
<b>NON FINANCIAL ASSETS (note 1.g)</b>		
Tangible capital assets (Schedule 1)	418,881,241	418,391,481
Capital work in progress	2,530,384	2,016,237
Inventories	657,378	666,650
Prepaid expenditures	1,506,888	1,334,638
	<b>423,575,891</b>	<b>422,409,006</b>
<b>ACCUMULATED SURPLUS (note 9)</b>	<b>\$ 434,267,267</b>	<b>\$ 421,438,187</b>

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

**CORPORATION OF THE CITY OF ST. THOMAS  
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget 2020	Actual 2020	Actual 2019
<b>REVENUE</b>			
Taxation revenue	\$ 57,261,241	\$ 57,713,432	\$ 54,869,879
User charges	30,814,377	30,960,447	30,198,703
Government grants	50,868,879	49,228,096	50,822,848
Investment income	1,479,000	1,124,410	1,075,768
Penalty and interest on taxes	460,000	492,390	438,657
Other	4,850	119,806	103,987
	<b>140,888,347</b>	<b>139,638,581</b>	<b>137,509,842</b>
<b>EXPENDITURES</b>			
General government	8,106,194	9,187,340	7,997,203
Protection to persons and property	25,202,597	27,386,886	25,388,424
Transportation services	8,662,536	12,678,012	13,279,732
Environmental services	16,153,545	22,625,156	20,993,704
Health services	3,422,368	6,611,559	6,537,137
Social and family services	41,580,494	38,479,097	42,431,897
Social housing	12,965,444	11,193,661	10,553,510
Recreation and cultural services	7,820,324	9,642,520	9,611,874
Planning and development	1,978,104	2,291,530	2,098,194
	<b>125,891,606</b>	<b>140,095,761</b>	<b>138,891,675</b>
<b>REVENUE OVER EXPENDITURES BEFORE OTHER REVENUE</b>			
	<b>14,996,741</b>	<b>(457,180)</b>	<b>(1,381,833)</b>
<b>OTHER REVENUE (EXPENDITURES)</b>			
Gain (loss) on sale of tangible capital assets	-	19,231	2,455,399
Government transfers related to capital	-	2,292,010	2,987,577
Government business enterprise (note 10)	-	(358,160)	(7,818)
Increase (decrease) in EAPWSS (note 1.c)	-	1,610,867	(2,741,237)
Developer and other contributions related to capital	-	9,722,312	18,927,075
	-	<b>13,286,260</b>	<b>21,620,996</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR</b>			
	<b>14,996,741</b>	<b>12,829,080</b>	<b>20,239,163</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>421,438,187</b>	<b>421,438,187</b>	<b>401,199,024</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 436,434,928</b>	<b>\$ 434,267,267</b>	<b>\$ 421,438,187</b>

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

**CORPORATION OF THE CITY OF ST. THOMAS  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020	2019
<b>OPERATIONS</b>		
Excess of revenue over expenditures (page 4)	\$ 12,829,080	\$ 20,239,163
Non-cash changes to operations		
Amortization of tangible capital assets	15,530,622	14,415,996
Changes in non-cash operating balances (A)	9,530,097	8,015,931
Net change in cash from operations	37,889,799	42,671,090
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(23,989,386)	(63,091,777)
Decrease (increase) in work in progress	(514,147)	12,232,512
Net change on disposal of tangible capital assets	7,969,004	5,638,768
Net change in other non-financial assets	(162,978)	(253,927)
Net change in cash from capital activities	(16,697,507)	(45,474,424)
<b>INVESTING</b>		
Net change in investment in Entegrus Inc.	358,160	7,818
Net change in cash from investing activities	358,160	7,818
<b>FINANCING</b>		
Proceeds from issuance of long-term debt	8,250,000	-
Repayments of long-term debt	(2,417,721)	(3,127,957)
Net change in cash from financing activities	5,832,279	(3,127,957)
Net change in cash and cash equivalents during the year	27,382,731	(5,923,473)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>38,549,596</b>	<b>44,473,069</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 65,932,327</b>	<b>\$ 38,549,596</b>

(A) Net change in non-cash operating balances includes taxes and accounts receivable, land held for resale, accounts payable and accrued liabilities, deferred revenue, accrual for future tax reassessments and employee benefits payable.

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

**CORPORATION OF THE CITY OF ST. THOMAS  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020	2019
Excess of revenue over expenditures (page 4)	\$ 12,829,080	\$ 20,239,163
Amortization of tangible capital assets	15,530,622	14,415,996
Acquisition of tangible capital assets	(23,989,386)	(63,091,777)
Net change on disposal of tangible capital assets	7,969,004	5,638,768
Decrease (increase) in work in progress	(514,147)	12,232,512
Disposal (acquisition) of supplies inventory	9,272	69,348
Disposal (acquisition) of prepaid expenditures	(172,250)	(323,275)
Increase in net financial assets (debt)	11,662,195	(10,819,265)
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<b>(970,819)</b>	<b>9,848,446</b>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<b>\$ 10,691,376</b>	<b>\$ (970,819)</b>

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



**CORPORATION OF THE CITY OF ST. THOMAS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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The Corporation of the City of St. Thomas (the City) is a single-tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

**1. Significant accounting policies**

The consolidated financial statements of the City are prepared by management in accordance with Canadian public sector accounting standards for municipalities as recommended by the Public Sector Accounting Board (PSAB) of the CPA Canada.

The focus of PSAB financial statements is on the financial position of the City and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Net financial assets represents the financial position of the City and is the difference between financial assets and liabilities. This information explains the City's overall future revenue requirements and its ability to finance activities and meet its obligations.

**a. Reporting Entity**

These consolidated financial statements reflect the financial assets, liabilities, revenue and expenditures, and accumulated surplus and changes in investment in tangible capital assets of the City.

**b. Basis of Consolidation**

These consolidated financial statements reflect the assets, liabilities, revenue, expenditures and accumulated surplus of all committees of Council and the following boards, municipal enterprises and utilities which are under the control of Council:

St. Thomas Public Library Board  
St. Thomas Economic Development Corporation  
St. Thomas Downtown Development Board  
Elgin Area Secondary Water Board

All interfund assets, liabilities, revenue and expenditures have been eliminated.

**c. Proportionately consolidated entities**

The City reports its share of assets, liabilities and resulting operations of any government partnerships in which it participates. The Oxford Elgin St. Thomas Health Unit (OESTHU), Elgin Area Primary Water Supply System (EAPWSS) and Entegrus Inc. have been consolidated on a proportionate basis.

In May 2018, Elgin St. Thomas Public Health and Oxford County Public Health, merged to form OESTHU. The City participates in the OESTHU to the extent of 19.47% (2019 - 19.47%) based on population.

**CORPORATION OF THE CITY OF ST. THOMAS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**1. Significant accounting policies continued**

**c. Proportionately consolidated entities continued**

EAPWSS is proportionately consolidated based upon the water flow used by the City in proportion to the entire flows as provided by the System. This amounts to 29.16% (2019 - 26.7%). The increase in the percentage of consolidation has been reflected on the Consolidated Statement of Operations and Accumulated Surplus.

During 2018, the City acquired 20.57% of the common shares of Entegrus Inc. As a government business enterprise of the City, it is accounted for on a Modified Equity basis in these consolidated financial statements. Entegrus Inc. prepares their financial statements in accordance with International Financial Reporting Standards.

**d. Non-consolidated entities**

There are no non-consolidated entities.

**e. Trust funds**

Trust funds and their related operations administered by the City are not consolidated, but are reported separately on the Trust Funds Statements of Operations and Financial Position.

**f. Revenue recognition**

Revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Government grants and transfers are recognized in the consolidated financial statements as revenue in the period in which 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.

**g. Non-financial assets**

**i. Tangible capital assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	10-50 years
Buildings and components	40 years
Vehicles	8-20 years
Machinery and equipment	5-10 years
Roads and paved areas	20-40 years
Bridges and other structures	30-75 years
Plants and facilities	20-75 years
Underground and other networks	30-75 years

**CORPORATION OF THE CITY OF ST. THOMAS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**1. Significant accounting policies continued**

**g. Non-financial assets continued**

**i. Tangible capital assets continued**

Amortization is charged at half the annual rate in the year of acquisition and in the year of disposal. Amortization is not taken on work in progress until the asset is available for productive use. The City has a capitalization threshold of \$25,000 to \$50,000 depending on the nature of the asset, so that individual assets of lesser value are expensed unless they are pooled because collectively they have a significant value.

**ii. Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expense as incurred.

**iii. Inventories**

Inventories held for consumption are recorded at the lower of cost or replacement cost.

**iv. Contributions of tangible capital assets**

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The fair value is also recorded as contributed revenue.

**h. Land held for resale**

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

**i. Short-term investments**

Portfolio investments are recorded at cost, unless there has been a decline in the market value, which is other than temporary in nature, in which case the investments are written down to market value. At December 31, 2020, the market value approximates cost.

**j. Deferred revenue**

Grants, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenditures are incurred, services performed, or the tangible capital assets are acquired.

**CORPORATION OF THE CITY OF ST. THOMAS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**1. Significant accounting policies continued**

**k. Employee benefit plans**

The costs of retirement benefits are actuarially determined using the projected benefit method prorated on services and management's best estimate of retirement ages of employees and salary escalation.

**l. Financial instruments**

Financial instruments of the City consist mainly of cash, accounts and taxes receivable. The carrying values of these financial assets approximate their fair values unless otherwise disclosed.

**m. Use of estimates**

The preparation of 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 date of the consolidated financial statements, and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates.

**n. Budgets**

The City's Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2020 is reflected on the Consolidated Statement of Operations and Accumulated Surplus. For capital spending, budgets are set for individual projects and funding for these activities is determined annually and made by transfers from the accumulated surplus and by application of applicable grants and other funds available to apply to capital projects. The budget is unaudited.

**o. Cash equivalents**

Cash equivalents include short-term investments with a term to maturity of less than one year or less at acquisition.

**2. Trust funds**

Trust funds administered by the City amounting to \$43,480, (2019 - \$44,392) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

**CORPORATION OF THE CITY OF ST. THOMAS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**3. Tax revenue**

Property tax billings are prepared by the City based on an assessment roll prepared by the Municipal Property Assessment Corporation. All assessed property values in the City were reviewed and new values established based on a common valuation date which was used by the City in computing the 2020 property tax bills. Property tax revenue and tax receivables are subject to appeals which may not have been heard yet. Any supplementary billing adjustments made necessary by the determination of such appeals will be recognized in the fiscal year they are determined and the effect shared with the appropriate school boards.

**4. Operations of School Boards**

The City is required to bill, collect and remit taxation revenue on behalf of the School Boards pursuant to provincial legislation. The City has no jurisdiction or control over the operations of these entities or the setting of their tax rates. Therefore, the taxation, other revenue, expenditures, assets and liabilities with respect to the operations of the School Boards are not reflected in these consolidated financial statements.

**5. Pension agreements**

The City makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 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 services and rates of pay.

The amount contributed to OMERS for 2020 was \$3,819,415 (2019 - \$3,905,863) for current service and is included as an expenditure on the Consolidated Statement of Operations and Accumulated Surplus.

The City had no obligation, as at December 31, 2020, under the past service provisions. The OMERS funding ratio for 2020 is 97.0% (2019 - 97.0%), with the goal of being fully funded by 2025.

**CORPORATION OF THE CITY OF ST. THOMAS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**6. Employee benefits payable**

The City provides certain employee benefits which have been funded as noted below:

	2020	2019
Workplace Safety and Insurance Board	\$ 4,865,942	\$ 4,291,367
Vested sick leave benefits	1,675,385	1,595,944
Post retirement benefits	8,383,660	7,857,195
<b>Total employee benefits payable</b>	<b>\$ 14,924,987</b>	<b>\$ 13,744,506</b>

**Workplace Safety and Insurance Board**

The City is a Schedule 2 employer under the Workplace Safety and Insurance Act. As a Schedule 2 employer, the City assumes liability for any awards made under the Act. A comprehensive actuarial valuation of the future liability for WSIB benefits was conducted in 2019, which covers the period from December 31, 2020 to December 31, 2022. WSIB administration and physician fees are set at 28%.

Significant assumptions are as follows:

General inflation	1.75%
Discount rate	3.50%
Expected Average Remaining Service Life (EARSL)	11.31 years

**Vested sick leave benefits**

The City has a sick leave benefit plan which allows certain employees to accumulate unused sick leave. The employees may be entitled to a cash payment when the leave the City's employment. The liability reflects these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, death or retirement.

**CORPORATION OF THE CITY OF ST. THOMAS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**6. Employee benefits payable continued**

**Post retirement benefits**

Employee post-retirement benefits represents the City's share of the cost to provide employees with extended benefits on retirement to eligible employees and retirees. This liability will require funding in future periods. The accrued benefit obligation and the net periodic benefit cost were determined by an actuarial valuation completed in 2019 in accordance with the financial reporting guideline of PSAB 3250 established by the Public Sector Accounting Board of the CPA Canada.

Significant assumptions are as follows:

General inflation	1.75%
Discount rate	4.00%
Rate of compensation increase	2.75%
Healthcare cost increase	3.75 to 6.42%
Dental cost increase	3.75%

**7. Deferred revenue**

Deferred revenue is comprised of the following:

	2020	2019
Development charges	\$ 11,251,628	\$ 10,231,945
Recreational land	79,818	56,848
Building department	1,897,940	1,360,884
Federal gas tax	2,777,781	2,685,085
Provincial gas tax	942,081	798,004
Safe restart	811,652	-
Other deferred revenue	12,361,060	8,879,367
	<b>\$ 30,121,960</b>	<b>\$ 24,012,133</b>

**CORPORATION OF THE CITY OF ST. THOMAS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**8. Net Long-term liabilities**

- a. The long-term liabilities reported on the Consolidated Statement of Financial Position is comprised of the following:

	2020	2019
Total long-term liabilities incurred by the City at various rates of interest ranging from 2.89% to 4.76%, with maturity dates ranging from 2026 to 2050.	\$ 37,240,373	\$ 31,019,403
Long-term liabilities assumed through consolidation of OESTHU, interest at 2.85% fixed through swap transaction, plus a stamping fee .40% for a total of 3.25% maturing in 2044	1,485,172	1,527,616
Long-term liabilities assumed through consolidation of EAPWSS at various rates ranging from 1.3% to 3.20%, with maturity dates ranging from 2022 to 2027	2,886,408	3,232,655
	<b>\$ 41,611,953</b>	<b>\$ 35,779,674</b>

- b. Of the net long-term liabilities reported in (a) of this note, the minimum principal repayments required are estimated as follows:

	Recovered from Taxation	Recovered from User Charges
2021	\$ 2,200,041	706,667
2022	2,526,131	722,605
2023	2,868,260	389,881
2024	2,981,189	398,567
2025	3,098,714	408,010
2026 and beyond	23,566,038	1,745,850
	<b>\$ 37,240,373</b>	<b>\$ 4,371,580</b>

- c. The long-term liabilities issued in the name of the municipality 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.

- d. The City paid interest on its long-term liabilities of \$1,400,919 (2019 - \$1,318,040).

- e. The City shares contingent liability for long-term liabilities of OESTHU and EAPWSS. The proportionate amount outstanding as at December 31, 2020 was \$4,371,580 (2019 - \$4,760,271).



**CORPORATION OF THE CITY OF ST. THOMAS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**9. Accumulated surplus**

The accumulated surplus is comprised of the following:

	2020	2019
<b>Surplus</b>		
St. Thomas Downtown Development Board	\$ 68,118	\$ 26,991
Investment in Tangible Capital Assets	380,975,015	380,005,940
Investment in Entegrus Inc.	32,659,826	33,017,986
Unfunded employee benefits	(14,924,987)	(13,744,506)
Unfunded investment in Entegrus Inc. (note 11)	(7,247,436)	(7,890,469)
<b>Reserves</b>	24,898,625	14,260,053
<b>Reserve funds set aside for specific purpose by legislation, regulation or agreement</b>	17,838,106	15,762,192
<b>Total accumulated surplus</b>	<b>\$ 434,267,267</b>	<b>\$ 421,438,187</b>

**10. Investment in Ascent Group Inc.**

The City formerly owned 100% of Ascent Group Inc. which in turn owned 100% of St. Thomas Energy Inc. On April 1, 2018, the City as the sole shareholder of Ascent Group Inc. merged with St. Thomas Energy Inc., who then was acquired by and merged with Entegrus Inc. to create a new regional utility. (Note 11) The City received 679 common shares with a value of \$33,250,579 of Entegrus Inc.

**CORPORATION OF THE CITY OF ST. THOMAS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**11. Investment in Entegrus Inc.**

As at December 31, 2020, the City owns 20.57% of Entegrus Inc., a government business enterprise of the City that is primarily engaged in electricity distribution for its residential, commercial and industrial customers. The investment is accounted for on a Modified Equity basis in these consolidated financial statements. The following information has been extracted from their audited financial statements which are prepared in accordance with International Financial Reporting Standards:

	2020	2019
<b>Statement of Financial Position</b>		
Assets	\$ 226,568,649	\$ 218,432,766
Liabilities	131,694,408	121,817,219
<b>Net assets</b>	<b>\$ 94,874,241</b>	<b>\$ 96,615,547</b>
<b>Statement of Operations</b>		
Revenues	\$ 196,501,820	\$ 178,254,653
Expenditures	192,443,126	172,592,790
<b>Net income</b>	<b>\$ 4,058,694</b>	<b>\$ 5,661,863</b>

Entegrus Inc. declared and paid a dividend of \$5,800,000 (2019 - \$5,700,000) of which the City's share was \$1,193,033 (2019 - \$1,172,463). The investment in Entegrus Inc., after the dividend distribution, decreased \$358,160 (2019 - \$7,818). The City has an unfunded internal debt of \$7,247,436 (2019 - \$7,890,469) to finance the share purchase of Entegrus Inc. Any dividend income received from Entegrus Inc. in excess of \$550,000 is applied to this unfunded internal debt.

During the year, the City purchased energy at commercial rates of \$1,872,759 (2019 - \$2,209,719) and billing and collection services of \$330,860 (2019 - \$324,055) from Entegrus Inc. These services were in the normal course of operations of the City.

**12. Commitment**

The City has committed \$3,500,000 to the St. Thomas Elgin General Hospital payable over a ten year period. As of December 31, 2020, \$2,800,000 has been paid against this commitment. The balance is payable in annual installments of \$ 350,000 until 2022.

**13. Public sector salary disclosure**

In 2020, one hundred and thirty six employees were paid a salary, as defined in the Public Sector Disclosure Act, 1996 of \$100,000 or more by the Corporation of the City of St. Thomas.

**CORPORATION OF THE CITY OF ST. THOMAS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**14. Liability for contaminated sites**

The City has reviewed their land inventory in accordance with PSAB 3260 for possible contamination. The City may be exposed to litigation or other costs of remediation due to contaminated properties in its jurisdiction. A liability for remediation is recognized in the financial statements when an environmental standard exists, contamination exceeds the standard, the government is responsible for the remediation and a reasonable estimate of the liability can be made. As at December 31, 2020, the City has not recognized a liability for contaminated sites as the City does not expect that future economic benefits will be given up for remediation of any properties.

**15. Segmented information**

Segmented information is presented on Schedule 2. The City is a diversified municipality and provides a wide range of services to its citizens including protection, which includes police, fire and protective services, transportation including roads, airport, public transit and parking, environmental, which includes water, wastewater and waste, health, social services, social housing and community services, including parks, recreation, library and cultural, and planning, including economic development. The general government segment includes such functions as finance, information services, council and administrative offices.

**16. Social housing debt obligations**

The Province of Ontario transferred ownership of housing units to the City on January 1, 2001 and the related debentures outstanding on these units. The debt obligation for these debentures remains with the Province and the repayments are funded by the Province. As at December 31, 2020, \$1,401,813 was outstanding and is not reflected in these financial statements. The City received Provincial funding of \$326,038 towards the repayment of these debentures.

**17. Contingent liabilities**

As at December 31, 2020, there are certain legal actions pending against the City. The final outcome of the outstanding claims cannot be determined at this time. However, management believes that ultimate disposition of these matters will not materially exceed the amounts recorded in these consolidated financial statements.

Estimated costs to settle claims are based on available information and projections of estimated future expenses developed based on the City's historical experience. Claims are reported as an operating expense in the year of the loss, where the costs are deemed to be likely and can be reasonably determined. Claim provisions are reported as a liability in the consolidated statement of financial position.

**CORPORATION OF THE CITY OF ST. THOMAS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**18. Comparative balances**

Certain of the comparative balances have been reclassified to conform with the current year's financial statement presentation.

**19. Significant event**

In March 2020, the Province of Ontario declared a state of emergency in response to the COVID-19 virus. The City has followed the Provincial orders regarding essential services and as a result, has closed some of its services. It is unclear the total financial impact the COVID-19 virus will have on the City. Council and management continue to monitor the situation.

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**CORPORATION OF THE CITY OF ST. THOMAS  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Land and Land Improvements	Buildings	Vehicles	Machinery and Equipment	Infrastructure Roads	Infrastructure Environmental	2020 Total	2019 Total
<b>COST</b>								
Balance, beginning of year	\$ 62,706,955	\$ 207,005,503	\$ 7,264,137	\$ 22,771,773	\$ 119,457,162	\$ 301,635,455	\$ 720,840,985	\$ 668,912,391
Add:								
Additions during the year	750,218	2,971,904	128,382	4,239,784	7,149,676	8,749,422	23,989,386	63,091,777
Less:								
Disposals during the year	(123,715)	(49,375)	-	(1,641,255)	(318,656)	(5,533,477)	(7,666,478)	(11,163,183)
Balance, end of year	63,333,458	209,928,032	7,392,519	25,370,302	126,288,182	304,851,400	737,163,893	720,840,985
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	20,793,274	114,990,377	3,600,558	10,255,641	58,995,398	93,814,256	302,449,504	293,557,923
Add:								
Amortization during the year	1,618,636	3,506,486	461,000	1,831,850	3,327,817	4,784,833	15,530,622	14,415,996
Less:								
Disposals and adjustments during the year	266,673	498,813	-	(1,053,742)	1,411,319	(820,537)	302,526	(5,524,415)
Balance, end of year	22,678,583	118,995,676	4,061,558	11,033,749	63,734,534	97,778,552	318,282,652	302,449,504
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 40,654,875</b>	<b>\$ 90,932,356</b>	<b>\$ 3,330,961</b>	<b>\$ 14,336,553</b>	<b>\$ 62,553,648</b>	<b>\$ 207,072,848</b>	<b>\$ 418,881,241</b>	<b>\$ 418,391,481</b>

This schedule is provided for information purposes only.

**CORPORATION OF THE CITY OF ST. THOMAS  
CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General Government	Protective Services	Transportation	Environmental	Health	Social and Family Services	Social Housing	Recreation and Culture	Planning and Development	Total
<b>REVENUE</b>										
Taxation	\$ 10,448,402	\$ 21,798,893	\$ 5,549,405	\$ 2,488,000	\$ 3,363,000	\$ 4,054,023	\$ 2,555,473	\$ 6,174,031	\$ 1,282,205	\$ 57,713,432
User fees	914,446	1,264,421	2,333,552	21,976,991	15,598	3,167,622	91,573	788,216	408,028	30,960,447
Government grants	6,018,927	1,473,242	-	97,438	3,900,352	30,695,235	8,737,237	60,273	537,402	51,520,106
Investment income	1,047,679	-	-	71,459	5,038	-	-	234	-	1,124,410
Penalty and interest	492,390	-	-	-	-	-	-	-	-	492,390
Other	4,845,573	7,000	3,420,695	403,724	-	-	-	2,426,456	10,608	11,114,056
	<b>23,767,417</b>	<b>24,543,556</b>	<b>11,303,652</b>	<b>25,037,612</b>	<b>7,283,988</b>	<b>37,916,880</b>	<b>11,384,283</b>	<b>9,449,210</b>	<b>2,238,243</b>	<b>152,924,841</b>
<b>EXPENDITURES</b>										
Salaries and benefits	5,867,929	23,299,382	2,722,118	3,932,878	2,228,288	13,306,892	504,307	4,070,117	1,380,887	57,312,798
Goods and services	2,822,538	2,821,484	5,546,348	11,915,527	4,383,271	23,954,214	10,428,205	3,069,191	910,643	65,851,421
Interest	-	589,967	-	131,533	-	363,628	-	315,792	-	1,400,920
Amortization	496,873	676,053	4,409,546	6,645,218	-	854,363	261,149	2,187,420	-	15,530,622
	<b>9,187,340</b>	<b>27,386,886</b>	<b>12,678,012</b>	<b>22,625,156</b>	<b>6,611,559</b>	<b>38,479,097</b>	<b>11,193,661</b>	<b>9,642,520</b>	<b>2,291,530</b>	<b>140,095,761</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)</b>										
	\$ 14,580,077	\$ (2,843,330)	\$ (1,374,360)	\$ 2,412,456	\$ 672,429	\$ (562,217)	190,622	\$ (193,310)	\$ (53,287)	\$ 12,829,080

This schedule is provided for information purposes only.