

CORPORATION OF THE CITY OF ST. THOMAS
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

**CORPORATION OF THE CITY OF ST. THOMAS
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Corporation of the City of St. Thomas (the "City"), which comprise the Consolidated Statement of Financial Position as at December 31, 2024, and Consolidated Statements of Operations and Accumulated Surplus, Remeasurement Gains and Losses, Cash Flows and Change in Net Financial Assets for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Corporation of the City of St. Thomas as at December 31, 2024 and its financial performance and its cash flows and change in net assets, including remeasurement gains and losses, 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

September 2, 2025
London, Canada

Scrimgeour & Company
LICENSED PUBLIC ACCOUNTANT

CORPORATION OF THE CITY OF ST. THOMAS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and short-term investments (note 1.j), (note 1.k)	\$ 81,411,689	\$ 65,165,099
Taxes receivable	4,914,200	2,675,147
Accounts receivable	43,506,027	35,855,765
Land held for resale	3,556,058	3,556,058
Investment in Entegrus Inc. (note 12)	33,762,247	34,990,870
	167,150,221	142,242,939
LIABILITIES		
Accounts payable and accrued liabilities	42,087,284	28,756,074
Deferred revenue - obligatory reserve funds (note 7)	44,259,805	30,429,954
Employee benefits payable (note 6)	21,472,399	19,695,805
Asset retirement obligation	17,751,883	7,570,229
Net long-term liabilities (note 8.a)	40,070,716	32,812,542
Derivatives (note 9)	52,108	73,423
	165,694,195	119,338,027
NET FINANCIAL ASSETS	1,456,026	22,904,912
NON-FINANCIAL ASSETS (NOTE 1.G)		
Tangible capital assets - Schedule 1	518,078,792	476,450,601
Capital work in progress	288,424,915	236,270,119
Inventories	649,224	667,425
Prepaid expenditures	1,883,608	2,843,956
	809,036,539	716,232,101
ACCUMULATED SURPLUS	\$810,492,565	\$739,137,013
ACCUMULATED SURPLUS IS COMPRISED OF:		
Accumulated operating surplus (note 10)	\$810,544,673	\$739,210,436
Accumulated remeasurement losses (note 9)	(52,108)	(73,423)
	\$810,492,565	\$739,137,013

The accompanying notes are an integral part of the financial statements

CORPORATION OF THE CITY OF ST. THOMAS
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget 2024	Actual 2024	Actual 2023
REVENUE			
Taxation revenue	\$ 69,635,803	\$ 69,639,506	\$ 66,334,178
User charges	42,103,664	43,010,140	39,162,721
Government grants	62,801,224	67,112,225	61,659,734
Investment income	2,105,000	2,503,950	3,136,987
Penalty and interest on taxes	370,000	615,616	392,413
Other revenue	9,500	110,500	266,672
	177,025,191	182,991,937	170,952,705
EXPENDITURES			
General government	8,338,039	10,960,901	9,959,631
Protection to persons and property	34,064,956	37,903,485	32,423,218
Transportation services	9,872,095	17,006,122	15,025,921
Environmental services	18,787,060	25,068,776	23,708,097
Health services	4,141,906	7,759,150	7,379,108
Social and family services	54,536,663	54,792,991	51,545,509
Social housing	18,363,944	15,480,809	13,467,559
Recreation and cultural development	9,475,847	12,235,538	11,332,016
Planning and development	4,698,604	4,280,870	3,852,462
	162,279,114	185,488,642	168,693,521
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)			
BEFORE OTHER	14,746,077	(2,496,705)	2,259,184
OTHER REVENUE (EXPENDITURES)			
Gain (loss) on disposal of tangible capital assets	-	(26,587,210)	(1,070,150)
Government transfers related to capital	2,250,000	82,469,486	127,784,316
Government business enterprise (note 11)	-	(1,228,623)	(846,343)
Increase (decrease) in EAPWSS (note 1.c)	-	2,602,047	(1,307,139)
Developer and other contributions related to capital	10,586,315	16,575,242	34,918,181
	12,836,315	73,830,942	159,478,865
EXCESS OF REVENUE OVER EXPENDITURES	27,582,392	71,334,237	161,738,049
ACCUMULATED SURPLUS, BEGINNING OF YEAR RESTATED (NOTE 17)			
	739,210,436	739,210,436	577,472,387
ACCUMULATED SURPLUS, END OF YEAR (NOTE 10)			
	\$ 766,792,828	\$ 810,544,673	\$ 739,210,436

The accompanying notes are an integral part of the financial statements

CORPORATION OF THE CITY OF ST. THOMAS
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
ACCUMULATED REMEASUREMENT LOSSES, BEGINNING OF YEAR	\$ (73,423)	\$ (127,057)
Unrealized gain attributable to derivatives	21,315	53,634
ACCUMULATED REMEASUREMENT LOSSES, END OF YEAR	\$ (52,108)	\$ (73,423)

The accompanying notes are an integral part of the financial statements

**CORPORATION OF THE CITY OF ST. THOMAS
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	2024	2023
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Excess of revenue over expenditures (page 4)	\$ 71,334,237	\$ 161,738,049
Non-cash changes to operations		
Amortization	18,725,905	17,245,180
Unrealized gain attributable to derivatives	21,315	53,634
Net change in working capital other than cash (A)	29,208,679	(11,055,171)
	119,290,136	167,981,692
INVESTING ACTIVITIES		
Acquisition of tangible capital assets	(63,007,130)	(41,192,514)
Decrease (increase) in capital work in progress	(52,154,796)	(131,918,230)
Net change on disposal of tangible capital assets	2,653,034	2,999,983
Net change in other non-financial assets	978,549	(963,569)
Net change in investment in Entegrus Inc.	1,228,623	846,343
	(110,301,720)	(170,227,987)
FINANCING ACTIVITIES		
Net proceeds (repayments) in long-term debt and bank loan	7,258,174	(2,805,655)
	7,258,174	(2,805,655)
Net change in cash and cash during the year	16,246,590	(5,051,950)
Cash and cash equivalents, beginning of year	65,165,099	70,217,049
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 81,411,689	\$ 65,165,099

(A) Net change in working capital other than cash includes the net change in taxes receivable, accounts receivable, land held for resale, accounts payable and accrued liabilities, deferred revenue, employee benefits payable, asset retirement obligation and derivatives.

The accompanying notes are an integral part of the financial statements

CORPORATION OF THE CITY OF ST. THOMAS
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget 2024	Actual 2024	Actual 2023
Excess of revenue over expenditures (page 4)	\$ 27,582,392	\$ 71,334,237	\$ 161,738,049
Amortization of tangible capital assets	-	18,725,905	17,245,180
Investment in capital works in progress	(51,749,319)	(52,154,796)	(131,918,230)
Change in inventory	-	18,201	(85,865)
Change in prepaid supplies	-	960,348	(877,704)
Net disposal of tangible capital assets	-	2,653,034	2,999,983
Acquisition of tangible capital assets	-	(63,007,130)	(41,192,514)
Unrealized gain attributable to derivatives	-	21,315	53,634
Change in net financial assets	(24,166,927)	(21,448,886)	7,962,533
NET FINANCIAL ASSETS, BEGINNING OF YEAR, AS RESTATED (NOTE 17)	22,904,912	22,904,912	14,942,379
NET FINANCIAL ASSETS, END OF YEAR	\$ (1,262,015)	\$ 1,456,026	\$ 22,904,912

The accompanying notes are an integral part of the financial statements

CORPORATION OF THE CITY OF ST. THOMAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 Corporation of the City of St. Thomas are prepared by management in accordance with Canadian public sector accounting standards (PS) 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 represent 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. Significant aspects of the accounting policies adopted by the City are as follows:

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.

**CORPORATION OF THE CITY OF ST. THOMAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. Significant accounting policies continued

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 19.78% (2023 - 19.78%) based on population.

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 28.62% (2023 - 25.71%). The increase (2023 - decrease) 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. 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 determined.

f. 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.

**CORPORATION OF THE CITY OF ST. THOMAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. Significant accounting policies continued

g. Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenditures, provides the Consolidated Change in Financial Assets for the year.

i. Tangible capital assets

The City's non-financial assets consist of tangible capital assets. Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

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

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 to 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.

**CORPORATION OF THE CITY OF ST. THOMAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. Significant accounting policies continued

h. 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, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

i. Financial instruments

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

j. Cash equivalents

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

k. 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, 2024, the short-term investments, included in cash and short-term investments on the Statement of Financial Position of \$6,200,888 (2023 - \$5,903,881) consist of a GIC maturing December 4, 2025 at 3.40% (2023 - 5.19%). The short-term investment includes accrued interest to December 31, 2024.

l. 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.

m. Deferred revenue

Government transfers, 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.

n. 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.

**CORPORATION OF THE CITY OF ST. THOMAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. Significant accounting policies continued

o. Budget figures

The City's Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2024 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.

p. 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 the future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Retirement obligations related to City-owned land, buildings and underground pipes containing asbestos, are estimated and recognized as a liability and an increase in the cost of the asset at the time of acquisition. The liability is discounted annually over the same useful life as the asset's annual amortization expense, calculated in accordance with the City's amortization policies. The liability is increased due to the passage of time and is recorded as accretion expense on Schedule 2 under Rents and Financial Expenses.

2. Trust funds

Trust funds administered by the City amounting to \$28,506 (2023 - \$31,871) have not been included in these consolidated financial statements.

3. Tax revenue

Property tax billings are prepared by the City based on an assessment roll prepared by the Ontario 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 2024 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.

CORPORATION OF THE CITY OF ST. THOMAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 2024 was \$4,240,218 (2023 - \$4,528,243) for current service and is included as an expenditure on the Consolidated Statement of Operations and Accumulated Surplus.

The City has no obligation, as of December 31, 2024, under the past service provisions. The OMERS funding ratio for 2024 is 98.0% (2023 - 97.0%).

6. Employee benefits payable

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

	2024	2023
Workplace Safety and Insurance Board	\$ 8,329,969	\$ 7,218,669
Vested sick leave benefits	1,920,270	1,839,923
Post retirement benefits	11,222,160	10,637,213
	\$ 21,472,399	\$ 19,695,805

i. 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 2023, which covers the period from December 31, 2023 to December 31, 2025. WSIB administration and physician fees are set at 23%.

Significant assumptions are as follows:

- Interest rate 5.00%
- General inflation 2.00%
- Discount rate 5.00%
- Expected Average Remaining Service Life (EARSL) 10.48 years

ii. 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, 2024

6. Employee benefits payable continued

iii. Post retirement benefits

Employee post-retirement benefits represent 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 with valuations for 2021 to 2024 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 3.25%
- Rate of compensation increase 2.75%
- Healthcare cost increase 5.42% to 6.42%
- Dental cost increase 3.75%

7. Deferred revenue - obligatory reserve funds

A requirement of the public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the City are summarized as follows:

	2024	2023
Building department	\$ 4,134,135	\$ 3,147,490
Development charges	17,658,511	13,968,984
Canada Community Building Fund	100,000	238,270
OCIF	1,944,587	1,068,555
Other deferred revenue	18,674,556	10,597,601
Provincial gas tax	1,431,880	1,217,461
Recreational land	316,136	191,593
	\$ 44,259,805	\$ 30,429,954

CORPORATION OF THE CITY OF ST. THOMAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

8. Long-term liabilities

a. Composition of long-term liabilities

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

	2024	2023
Total long-term liabilities incurred by the City at various rates of interest ranging from 2.89% to 4.76%, with maturity date ranging from 2026 to 2054.	\$ 37,894,565	\$ 30,371,193
Long-term liabilities assumed through consolidation of OESTHU, interest at 2.56% fixed through swap transaction, plus a stamping fee 0.69% for a total of 3.25% maturing in 2044.	1,321,502	1,370,556
Long-term liabilities assumed through consolidation of EAPWSS at various rates ranging from 2.20% to 2.85%, with maturity dates ranging from 2026 to 2027.	854,649	1,070,793
	\$ 40,070,716	\$ 32,812,542

b. Debt retirement

Debt to be retired over the next five years and thereafter:

	Recovered from Taxation	Recovered from Consolidated Entities
2025	\$ 2,739,423	\$ 402,178
2026	\$ 2,187,394	\$ 411,702
2027	\$ 1,592,307	\$ 198,218
2028	\$ 1,647,256	\$ 55,977
2029	\$ 1,704,131	\$ 57,758
2030 and thereafter	\$ 28,024,054	\$ 1,050,318

c. Approval

The long-term liabilities issued in the name of the City have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the debt repayment limit prescribed by the Ministry of Municipal Affairs.

CORPORATION OF THE CITY OF ST. THOMAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

8. Long-term liabilities continued

d. Interest charges

The City paid interest on the long-term liabilities of \$1,103,302 (2023 - \$1,068,235).

e. Contingent liability

The City shares contingent liability for long-term liabilities of OESTHU and EAPWSS. The proportionate amount outstanding as at December 31, 2024, there is \$2,176,151 (2023 - \$2,441,349).

9. Derivatives

The Oxford Elgin St. Thomas Health Unit entered into an interest swap agreement as a result of the debt disclosed in note 8.a. As a result, if the organization were to repay the long-term debt at December 31, 2024 an additional cost of \$52,108 would be incurred. The organization intends to carry the long-term debt to full maturity thereby eliminating the loss. Derivatives are classified as a Level 3 Financial Instrument.

	2024	2023
Fair value of Financial Derivatives beginning year	\$ 73,423	\$ 127,057
Unrealized (gains) loss	(21,315)	(53,634)
Fair value of Financial Derivatives	\$ 52,108	\$ 73,423

**CORPORATION OF THE CITY OF ST. THOMAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

10. Accumulated Surplus

The accumulated surplus on the Consolidated Statement of Financial Position at the end of the year is comprised of the following:

	2024	2023
Investment in tangible capital assets	\$766,928,050	\$680,421,677
Surplus:		
Investment in Entegrus Inc.	33,762,247	34,990,870
St. Thomas Downtown Development Board	36,138	56,138
Unfunded asset retirement obligation	(17,751,883)	(7,570,229)
Unfunded employee benefits	(21,472,399)	(19,695,805)
Unfunded investment in Entegrus Inc.	(3,996,511)	(4,639,544)
Total Surplus (Deficit)	(9,422,408)	3,141,430
Reserves	18,156,285	23,164,293
Reserve funds aside for specific purpose by legislation, regulation or agreement	34,882,746	32,483,036
Total reserve and reserve funds	53,039,031	55,647,329
ACCUMULATED SURPLUS	\$810,544,673	\$739,210,436

11. 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 12). 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, 2024

12. Investment in Entegrus Inc.

As at December 31, 2024, 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:

	2024	2023
Statement of Financial Position		
Assets	\$277,832,948	\$270,218,111
Liabilities	177,599,951	164,012,095
Net Assets	\$100,232,997	\$106,206,016
Statement of Operations		
Revenue	\$196,111,863	\$181,095,285
Expenditures	196,284,882	176,409,942
Net Income (Loss)	\$ (173,019)	\$ 4,685,343

Entegrus Inc. declared and paid a dividend of \$5,800,000 (2023 - \$8,800,000) of which the City's share was \$1,193,033 (2023 - \$1,810,118). The investment in Entegrus Inc., after the dividend distribution, increased (decreased) \$(1,228,623) (2023 - \$(846,343)). The City has an unfunded internal debt of \$3,996,511 (2023 - \$4,639,544) 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 \$1,917,239 (2023 - \$1,792,139) and billing and collection services of \$378,027 (2023 - \$365,597) from Entegrus Inc. These services were in the normal course of operations of the City.

13. Public sector salary disclosure

In 2024, there are one hundred and eighty-one employees 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, 2024**

14. 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.

15. 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, 2024, \$355,818 was outstanding and is not reflected in these financial statements. The City received Provincial funding of \$322,087 towards the repayment of these debentures.

16. Contingent liabilities

As at December 31, 2024, 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.

17. Comparative balances

Certain of the comparative balances have been reclassified to conform with the current year's financial statement presentation. The opening cost and accumulated amortization balances have been reclassified in Schedule 1.

In December 2024, the Oxford Elgin St. Thomas Health Unit, a consolidated entity, finalized 2017 to 2021 settlements with the Ministry of Health. As a result, a prior period adjustment was recorded on the comparative financial statements for December 31, 2023 by reducing opening surplus and net financial assets and increasing the accounts payable and accrued liabilities by the City's share of \$38,945.

In addition, the EAPWSS, a consolidated entity, restated their 2023 financial statements for two tangible capital assets that had previously not been recorded. The effect of this prior period adjustment increased the opening surplus and increased the net book value of the tangible capital assets by the City's share of \$719,047. The amortization expense for the year ended December 31, 2023 was increased by \$43,546 which is included in environmental costs.

**CORPORATION OF THE CITY OF ST. THOMAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

18. Significant event

As at December 31, 2024, the City purchased lands for approximately \$200,000,000 and incurred approximately \$105,000,000 additional costs for the construction of the servicing requirements for a new development area. These land purchases and construction costs are included in capital work in progress on the Consolidated Statement of Financial Position. In addition, the City has agreed to compensate a neighbouring municipality \$15,000,000 for land assumed to facilitate this development. \$10,000,000 of this amount was paid during the year ended December 31, 2024 and new debt was issued to finance this payment. The remaining \$5,000,000 will be paid out in subsequent years. At present, the commitment to complete the servicing of this development is anticipated to cost the City approximately \$245,000,000. The City may be required to incur additional development related expenditures in future periods. At the date of issuance of these financial statements, the nature, scope and timing of such potential development activities remain uncertain. The financing for this development will include government grants, land sales, reserves and long-term debt.

CORPORATION OF THE CITY OF ST. THOMAS
SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Land and Land Improvements	Buildings	Vehicles	Machinery and Equipment	Infrastructure Roads	Infrastructure Environmental	2024 Total	2023 Total
COST								
Balance, beginning of year	\$ 68,274,917	\$225,348,000	\$ 11,613,270	\$ 24,049,391	\$150,674,700	\$356,568,495	\$836,528,773	\$801,765,008
Prior year adjustment	-	-	-	-	-	-	-	1,743,035
Add:								
Additions during the year	13,850,880	8,199,176	5,414,480	3,526,549	8,532,903	23,483,142	63,007,130	41,192,514
Less:								
Disposals during the year	(197,998)	(142,882)	(505,341)	(573,338)	(359,686)	(2,543,237)	(4,322,482)	(8,171,784)
Balance, end of year	81,927,799	233,404,294	16,522,409	27,002,602	158,847,917	377,508,400	895,213,421	836,528,773
ACCUMULATED AMORTIZATION								
Balance, beginning of year	27,668,540	130,136,746	6,675,975	12,045,792	71,635,549	111,915,570	360,078,172	346,980,805
Prior year adjustment	-	-	-	-	-	-	-	1,023,988
Add:								
Amortization during the year	1,909,830	4,092,607	1,057,342	1,754,349	4,677,358	5,234,419	18,725,905	17,245,180
Less:								
Disposals during the year	(19,800)	(133,770)	(501,307)	(573,338)	(359,686)	(81,547)	(1,669,448)	(5,171,801)
Balance, end of year	29,558,570	134,095,583	7,232,010	13,226,803	75,953,221	117,068,442	377,134,629	360,078,172
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	\$ 52,369,229	\$ 99,308,711	\$ 9,290,399	\$ 13,775,799	\$ 82,894,696	\$260,439,958	\$518,078,792	\$476,450,601

This schedule is provided for information purposes only.

CORPORATION OF THE CITY OF ST. THOMAS
SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Government	Protective Services	Transportation	Environmental	Health	Social and Family Services	Social Housing	Recreation and Culture	Planning and Agriculture	Total
REVENUE										
Taxation	\$ 10,245,356	\$ 27,710,759	\$ 6,542,197	\$ 2,719,410	\$ 4,141,906	\$ 5,299,067	\$ 3,145,056	\$ 7,832,977	\$ 2,002,778	\$ 69,639,506
User fees	1,371,736	2,822,486	3,753,790	26,419,152	27,352	3,736,671	2,581,250	1,993,875	303,828	43,010,140
Government grants	86,151,446	3,762,905	143,740	116,540	3,393,974	45,223,989	9,308,966	66,560	1,413,591	149,581,711
Investment income	1,927,849	-	-	529,243	44,893	-	-	1,965	-	2,503,950
Penalty and interest on taxes	615,616	-	-	-	-	-	-	-	-	615,616
Other	(24,246,319)	2,415	7,310,176	7,023,018	-	-	-	1,344,606	38,060	(8,528,044)
	76,065,684	34,298,565	17,749,903	36,807,363	7,608,125	54,259,727	15,035,272	11,239,983	3,758,257	256,822,879
EXPENDITURES										
Salaries and benefits	7,928,497	30,355,750	3,688,338	4,786,928	3,091,172	17,533,693	946,948	5,981,039	2,581,523	76,893,888
Goods and services	2,346,810	6,215,812	7,159,413	13,005,084	4,524,627	35,438,435	14,198,062	3,466,632	1,685,415	88,040,290
Rents and financial expenses	140,531	347,016	37,965	76,032	36,917	837,679	-	338,987	13,432	1,828,559
Amortization	545,063	984,907	6,120,406	7,200,732	106,434	983,184	335,799	2,448,880	500	18,725,905
	10,960,901	37,903,485	17,006,122	25,068,776	7,759,150	54,792,991	15,480,809	12,235,538	4,280,870	185,488,642
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)										
	\$ 65,104,783	\$ (3,604,920)	\$ 743,781	\$ 11,738,587	\$ (151,025)	\$ (533,264)	\$ (445,537)	\$ (995,555)	\$ (522,613)	\$ 71,334,237

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