

Consolidated Financial Statements of
(In thousands of dollars)

**CORPORATION OF THE
CITY OF NIAGARA FALLS,
ONTARIO**

Year ended December 31, 2023

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Table of Contents

Year ended December 31, 2023

	Page
Management Report	
Independent Auditor's Report	
Consolidated Financial Statements:	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Remeasurement Gains and Losses.....	3
Consolidated Statement of Change in Net Financial Assets	4
Consolidated Statement of Cash Flows.....	5
Notes to Consolidated Financial Statements	6
Schedules of Segmented Reporting	35
Schedule of Tangible Capital Assets	37

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the City of Niagara Falls, Ontario (the "Municipality") are the responsibility of the Municipality'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.

Municipality 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 auditor 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 Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

Jim Diodati
Mayor
September 16, 2025

Jason Burgess
Chief Administrative Officer
September 16, 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 Niagara Falls, Ontario

Opinion

We have audited the consolidated financial statements of Corporation of the City of Niagara Falls, Ontario (the Municipality), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of remeasurement gains and losses 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 Municipality as at December 31, 2023, and its consolidated results of operations, its consolidated remeasurement gains and losses, 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 auditor's report.

We are independent of the Municipality 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.

Emphasis of Matter – Comparative Information

We draw attention to Note 2 in the financial statements which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restated certain comparative information. Our opinion is not modified with respect to this matter.

As part of our audit the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022.

In our opinion, such adjustments are appropriate and have been appropriately applied.

Other Matter – Comparative Information

The financial statements as at and for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 10, 2024.

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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 Municipality'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 Municipality'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 Municipality 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.



Page 4

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Municipality 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
September 16, 2025

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Consolidated Statement of Financial Position
(In thousands of dollars)

December 31, 2023, with comparative information for 2022

	2023	2022
	(Restated - note 2)	
Financial Assets		
Cash and cash equivalents (note 5)	\$ 157,683	\$ 144,349
Investments (note 6)	56,664	36,311
Taxes receivable	22,708	16,714
Accounts receivable	14,478	23,855
User fees receivable	6,974	5,979
Long-term receivables (note 8)	265	474
Long-term investment (note 9)	101,098	98,922
	359,870	326,604
Liabilities		
Accounts payable and accrued liabilities	45,233	34,997
Deferred revenue - obligatory reserve funds (note 12)	56,547	61,728
Deferred revenue	9,504	13,550
Other liabilities	14,839	12,831
Post-employment benefits (note 13)	27,600	28,784
Net long-term liabilities (note 14)	71,296	65,326
Asset retirement obligations	3,875	3,875
	228,894	221,091
Net financial assets	130,976	105,513
Non-Financial Assets		
Tangible capital assets (schedule)	873,824	868,555
Inventories and prepaid expenses	2,355	3,997
	876,179	872,552
Credit facilities (note 10)		
Contingent liabilities (note 11)		
Contractual obligations and commitments (note 17)		
Accumulated surplus (note 15)	\$ 1,007,155	\$ 978,065

See accompanying notes to consolidated financial statements.

On behalf of the Municipality:

Mayor

Chief Administrative Officer

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Consolidated Statement of Operations and Accumulated Surplus
(In thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
	(note 22)		(Restated - note 2)
Revenue:			
Taxation (note 7)	\$ 91,916	\$ 94,672	\$ 86,042
User fees	64,002	66,710	60,665
Government of Canada grants	429	4,072	2,780
Province of Ontario grants	765	2,024	3,363
Other municipal grants	84	1,644	4,532
Interest, penalties and fines	2,535	3,832	2,979
Investment income	2,483	6,635	2,257
Casino and gaming revenues	14,000	19,809	18,945
Niagara Falls Hydro Holding Corporation net comprehensive income (note 9)	–	2,847	3,644
Contributions from Obligatory Reserve Funds (note 12)	–	19,024	14,448
Other	11,510	20,596	12,647
Contributed tangible capital assets	–	20,785	–
Loss on disposal of tangible capital assets	–	(38,638)	(1,013)
	187,724	224,012	211,289
Expenses:			
General government	21,583	29,107	22,295
Protection to persons and property	35,563	36,965	35,980
Transportation services	26,810	44,531	53,726
Environmental services	42,544	43,184	47,572
Health services	2,527	2,516	2,414
Social and family services	724	801	771
Recreation and cultural services	26,348	31,357	30,525
Planning and development	5,900	5,943	6,259
	161,999	194,404	199,542
Annual surplus	25,725	29,608	11,747
Accumulated surplus, beginning of year	978,065	978,065	969,948
Transition adjustment for asset retirement obligation	–	–	(3,630)
Accumulated remeasurement loss	–	(518)	–
Accumulated surplus, end of year	\$ 1,003,790	\$ 1,007,155	\$ 978,065

See accompanying notes to consolidated financial statements.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Consolidated Statement of Remeasurement Gains and Losses (In thousands of dollars)

December 31, 2023, with comparative information for 2022

	2023	2022
Accumulated remeasurement gains, beginning of the year	\$ —	\$ —
Adjustment on adoption of the financial instruments standard	—	—
	—	—
Unrealized gains attributable to:		
Portfolio investments	48	—
	48	—
Amounts reclassified to statement of operations:		
Portfolio investments	(566)	—
	(566)	—
Net change in remeasurement losses for the year	(518)	—
Accumulated remeasurement losses, end of the year	\$ (518)	\$ —

See accompanying notes to consolidated financial statements.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Consolidated Statement of Changes in Net Financial Assets
(In thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
	(note 22)	(Restated - note 2)	
Annual surplus	\$ 25,725	\$ 29,608	\$ 11,747
Acquisition of tangible capital assets	–	(50,293)	(47,321)
Amortization of tangible capital assets	27,171	27,171	29,965
Loss on disposal of tangible capital assets	38,638	38,638	1,013
Contributed tangible capital assets	(20,785)	(20,785)	–
Change in inventories and prepaid expenses	–	1,642	(246)
Remeasurement loss	–	(518)	–
Decrease in net financial assets	70,749	25,463	(4,842)
Transitional adjustment for asset retirement obligation	–	–	(3,875)
Net financial assets, beginning of year	105,513	105,513	114,230
Net financial assets, end of year	\$ 176,262	\$ 130,976	\$ 105,513

See accompanying notes to consolidated financial statements.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Consolidated Statement of Cash Flows (In thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
	(Restated - note 2)	
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 29,608	\$ 11,747
Items not involving cash:		
Amortization of tangible capital assets	27,171	29,965
Loss on disposal of tangible capital assets	38,638	1,013
Contributed tangible capital assets	(20,785)	–
Niagara Falls Hydro Holding Corporation net comprehensive income (note 9)	(2,847)	(3,644)
Adjustments for fair market value of investments	(518)	–
Change in non-cash operating working capital items (note 19)	(14,281)	91,101
	56,986	130,182
Capital activities:		
Acquisition of tangible capital assets	(50,293)	(47,321)
Investing activities:		
Dividends received from Niagara Falls Hydro Holding Corporation (note 15(c))	671	1,454
Financing activities:		
Long-term debt issued	10,641	–
Long-term debt repaid	(4,671)	(4,714)
	5,970	(4,714)
Increase in cash	13,334	79,601
Cash and cash equivalents, beginning of year	144,349	64,748
Cash and cash equivalents, end of year	\$ 157,683	\$ 144,349

See accompanying notes to consolidated financial statements.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2023

1. Significant accounting policies:

The consolidated financial statements of the Corporation of the City of Niagara Falls, Ontario (the "Municipality") are the representations of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada") with the exception of providing budget figures. See note 22.

(a) Basis of consolidation:

(i) These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the operating fund, reserves, reserve funds and changes in investment in tangible capital assets. They include the activities of all committees of Council and the following boards, municipal enterprises and utilities which are under the control of Council:

Niagara Falls Public Library Board
Clifton Hill Business Improvement Area
Downtown Board of Management
Fallsview Business Improvement Area
Lundy's Lane Business Improvement Area
Main & Ferry Business Improvement Area
Victoria & Centre Business Improvement Area
Niagara Convention & Civic Centre Inc.
Niagara Falls Hydro Holding Corporation

The Municipality's wholly owned subsidiary Niagara Falls Hydro Holding Corporation ("NFHHC") 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 Municipality, and inter-organizational transactions and balances are not eliminated. The Municipality recognizes its equity interest in the net comprehensive income or loss of NFHHC in its Consolidated Statement of Operations and Accumulated Surplus with a corresponding increase or decrease in its investment asset account. Any dividends that the Municipality may receive from NFHHC will be reflected as reductions in the investment asset account.

(ii) Partial-consolidated entity:

The following joint local board is proportionately consolidated. See note 20.

Niagara District Airport Commission (Joint Board)

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(iii) Accounting for Regional Municipality of Niagara and School Board transactions:

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards and the Regional Municipality of Niagara (the "Region") are not reflected in the municipal fund balances of these consolidated financial statements. See note 4.

(iv) Trust funds:

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the Trust Funds Statement of Financial Position and Statement of Financial Activities and Changes in Fund Balances.

(b) Revenue recognition:

Revenue and expenses are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Investments:

Investments consist of Government of Canada treasury bills and crown corporation bonds; provincial government bonds; and Canadian corporate bonds. Investments are recorded at cost plus accrued interest.

(d) Long-term receivables:

Long-term receivables 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 long-term receivables are written off when they are no longer recoverable. Recoveries of long-term receivables previously written off are recognized as revenue in the year received. Interest revenue is recognized as it is earned.

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(i) Tangible capital assets:

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

Amortization is recorded to reflect the cost, net of anticipated residual value, associated with the use of the asset in providing government services on a straight-line 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 is recorded on the Consolidated Statement of Operations and Accumulated Surplus as "gain/loss on disposal of tangible capital assets".

Asset	Estimated useful life
Land	Nil
Land improvements	10 to 60 years
Buildings	15 to 100 years
Furniture and equipment	5 to 25 years
Vehicles	8 to 20 years
Leasehold improvements	10 to 75 years
Infrastructure:	
Environmental	30 to 100 years
Roads	10 to 80 years
Water	15 to 100 years

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, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of 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.

(ii) Inventories

Inventories are valued at average cost.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(f) Deferred revenue - obligatory reserve funds:

Deferred revenue - obligatory reserve funds represents amounts levied or received under the authority of federal and provincial legislation and Municipality by-laws. These amounts have been collected but the related services have yet to be performed. See note 10. These amounts will be recognized as revenue in the fiscal year the services are performed.

(g) Deferred revenue:

Funds received for specific purposes are accounted for as deferred revenue until the Municipality discharges the obligation which led to the receipt of the funds.

(h) Government transfers:

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

(i) Employee future benefits:

The Municipality provides defined retirement and other future benefits to specified employee groups. These benefits include pension, health care benefits, dental benefits, future paid sick leave benefits, retirement gratuity, workers' compensation and long-term disability benefits. The Municipality has adopted the following policies with respect to accounting for these employee benefits:

(i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days during employment and at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by the employees, such as health care benefits for retirees or retirement gratuities, the cost is actuarially determined using projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(i) Employee future benefits (continued):

(i) (continued):

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

(ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.

(iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

(j) Tax revenue:

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

(k) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or provincial legislation, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(l) Other income:

Other income is recognized as revenue when service is performed.

(m) 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 revenue and expenses during the reporting periods. Accounts subject to significant estimates include accounts receivable, tangible capital assets, accounts payable and accrued liabilities, and employee future benefits. These estimates and assumptions are based on management's best information and judgement. Actual results may differ from those estimates.

The Municipality's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the expected retirement costs, as well as the timing and duration of these retirement costs.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies:

PS 3280 Asset Retirement Obligations:

On January 1, 2023, the Municipality adopted Canadian public sector accounting standard PS 3280 *Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, which for the Municipality includes asbestos removal in retired buildings and bridge removal costs by public sector entities. The new accounting standard has resulted in a withdrawal of the existing accounting standard PS 3270 *Solid Waste Landfill Closure and Post-Closure Liability*. The standard was adopted on the modified retroactive basis that requires restatement of 2022 comparative figures.

An additional 10 years of useful life has been added to any assets with 10 or less years of useful life remaining to reflect the anticipated future economic benefit. Assets with a remaining useful life longer than 10 years remained unchanged as there is no new information at the time of the implementation of the standard to revise the useful lives.

The Asset Retirement Obligation was expensed in relation to:

- Unrecognized tangible capital assets, as there is no cost basis for the underlying asset for which the asset retirement costs can be attached.
- Tangible capital assets no longer in productive use, as there will no longer be any future benefit associated with the asset retirement.

On January 1, 2023, the Municipality recognized an additional asset retirement obligation relating to several buildings owned by the Municipality that contain asbestos and bridges that require removal. The buildings have an average age of 60 years, and the liability was measured as of the date of purchase of the buildings, when the liability was assumed. The bridges identified do not have a remaining useful life as they are subsequently closed for service.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies (continued):

In accordance with the provisions of this new standard, the Municipality reflected the following adjustments at January 1, 2022:

	(in thousands of dollars)		
	December 31, 2022		
	As previously reported	Adjustments	As restated
Statement of financial position:			
Financial assets	\$ 326,604	\$ —	\$ 326,604
Liabilities	217,216	3,875	221,091
Net financial assets (liabilities)	109,388	(3,875)	105,513
Non-financial assets	872,333	219	872,552
Accumulated surplus (deficit)	\$ 981,721	\$ (3,656)	\$ 978,065
Statement of operations and accumulated surplus:			
Revenues	\$ 211,289	\$ —	\$ 211,289
Expenses	199,516	26	199,542
Annual surplus (deficit)	11,773	(26)	11,747
Accumulated surplus, beginning of year	969,948	—	969,948
Transition adjustment for asset retirement obligations	—	(3,630)	(3,630)
Accumulated surplus (deficit), end of year	\$ 981,721	\$ (3,656)	\$ 978,065
Statement of change in net financial assets:			
Annual surplus (deficit)	\$ 11,773	\$ (26)	\$ 11,747
Acquisition of tangible capital assets	(47,321)	—	(47,321)
Amortization of tangible capital assets	29,939	26	29,965
Loss on disposal of tangible capital assets	1,013	—	1,013
Change in inventories and prepaid expenses	(246)	—	(246)
Increase in net financial assets	(4,842)	—	(4,842)
Transition adjustment for asset retirement obligations	—	(3,875)	(3,875)
Net financial assets, beginning of year	114,230	—	114,230
Net financial assets (liabilities), end of year	\$ 109,388	\$ (3,875)	\$ 105,513

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies (continued):

	(in thousands of dollars)		
	December 31, 2022		
	As previously reported	Adjustments	As restated
Statement of cash flows:			
Annual surplus (deficit)	\$ 11,773	\$ (26)	\$ 11,747
Items not involving cash:			
Amortization of tangible capital assets	29,939	26	29,965
Loss on disposal of tangible capital assets	1,013	—	1,013
Niagara Falls Hydro Holdings Corporation net comprehensive income (note 7)	(3,644)	—	(3,644)
Change in non-cash operating working capital items	91,101	—	91,101
	130,182	—	130,182
Capital activities:			
Acquisition of tangible capital assets	(47,321)	—	(47,321)
Investing activities:			
Dividends received from Niagara Falls Hydro Holding Corporation (note 15(c))	1,454	—	1,454
Financing activities:			
Long-term debt repaid	(4,714)	—	(4,714)
Increase in cash and cash equivalents	79,601	—	79,601
Cash and cash equivalents, beginning of year	64,748	—	64,748
Cash and cash equivalents, end of year	\$ 144,349	\$ —	\$ 144,349

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies (continued):

PS 3450 *Financial instruments*:

Effective January 1, 2023, the Municipality adopted PS 3450 *Financial Instruments*. In accordance with transitional provisions, this standard was adopted prospectively from the date of adoption and comparative figures were not restated. This new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Municipality's accounting policy choices.

The following is a list of all instruments and their related measure.

Financial Asset	Measurement Basis
Cash and cash equivalents	Cost/amortized cost
Investments:	
Portfolio investments	Fair value
Other	Cost/amortized cost
Accounts receivable	Cost/amortized cost
User fees receivable	Cost/amortized cost
Long-term receivables	Cost/amortized cost
Long-term investment	Cost/amortized cost

Financial Liability	Measurement Basis
Accounts payable and accrued liabilities	Cost/amortized cost
Deferred revenue - obligatory reserve funds	Cost/amortized cost
Deferred revenue	Cost/amortized cost
Post-employment benefits	Cost/amortized cost
Net long-term liabilities	Cost/amortized cost
Asset retirement obligations	Cost/amortized cost

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

3. Future accounting pronouncements:

The Municipality continues to assess the impact on its Statements of the following upcoming change to PSAS.

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between revenue arising from transactions that include performance obligations, referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. Taxation revenue is excluded from the scope of this standard.

PS 3160 *Public Private Partnerships* (P3s) identifies requirements on how to account for and disclose transactions in which public sector entities procure the design or construction, financing, and ongoing operation or maintenance of a major infrastructure asset from a private sector entity. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the P3 term. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity.

4. Operations of school boards and the Regional Municipality of Niagara:

Further to note 1(a), the taxation, other revenues, expenses and over-levies of the school boards and the Region are comprised of the following:

	(in thousands of dollars)		(in thousands of dollars)	
	School boards 2023	School boards 2022	Region 2023	Region 2022
Taxation	\$ 39,034	\$ 38,251	\$ 117,793	\$ 97,027
Payments-in-lieu of taxes	3,237	3,235	4,937	4,198
Amounts received or receivable	42,271	41,486	122,730	101,225
Requisitions	(42,271)	(41,486)	(122,730)	(101,225)
Over-levies (under-levies) at year end	\$ -	\$ -	\$ -	\$ -

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

5. Cash and cash equivalents:

Cash and cash equivalents represents cash and short-term investments from both the operating fund and the reserve funds (including those funds set aside in deferred revenue):

	(in thousands of dollars)	
	2023	2022
Unrestricted	\$ 55,551	\$ 59,745
Restricted	102,132	84,604
	<hr/> \$ 157,683	<hr/> \$ 144,349

6. Investments:

Investments have a book value of \$56,663,348 (2022 - \$36,311,084) and a market value of \$57,572,422 (2022 - \$35,324,853).

7. Taxes receivable and revenues:

Property tax billings are prepared by the Municipality based on an assessment roll issued by the Municipal Property Assessment Corporation ("MPAC") and in accordance with the provisions of the Municipal Act, 2001. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings.

Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeal are recorded when the result of the appeal process is known or based on management's best estimate.

The property taxes receivable, tax revenue and accounts payable and accrued liabilities of the Municipality are subject to measurement uncertainty as a significant number of appeals submitted by taxpayers have yet to be heard. The taxes receivable balance, including penalties and interest, are net of an allowance for doubtful accounts of \$233,000 (2022 - \$233,000).

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

7. Taxes receivable and revenues (continued):

Taxation revenue reported on the Consolidated Statement of Operations and Accumulated Surplus is made up of the following:

	(in thousands of dollars)	
	2023	2022
Residential and farm taxation	\$ 144,218	\$ 126,135
Commercial, industrial and business taxation and supplemental taxes	100,056	88,174
Taxation from other government	15,399	14,444
	259,673	228,753
Payments to region and school board	(165,001)	(142,711)
Net property taxes and payments-in-lieu available for municipal purposes	\$ 94,672	\$ 86,042

8. Long-term receivables:

Included in long-term receivables are amounts totaling \$265,295 (2022 - \$473,901), which are unsecured with, varying terms of repayment and bearing interest at Nil (2022 - Nil).

9. Investment in Niagara Falls Hydro Holding Corporation:

	(in thousands of dollars)	
	2023	2022
Statement of Financial Position		
Current assets	\$ 44,537	\$ 49,776
Capital assets	263,408	253,552
Other assets	35,938	37,786
Regulatory assets	16,971	16,027
Total assets	360,854	357,141
Current liabilities	50,587	36,699
Other liabilities	79,492	76,290
Long-term debt	92,287	109,387
Non-controlling interest (see below)	31,581	30,614
Regulatory liabilities	5,809	5,229
Total liabilities and other	259,756	258,219
Net assets	\$ 101,098	\$ 98,922

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

9. Investment in Niagara Falls Hydro Holding Corporation (continued):

	(in thousands of dollars)	
	2023	2022
Statement of Comprehensive Income		
Revenue	\$ 205,503	\$ 199,883
Operating expenses	201,247	200,038
Net income (loss) before regulatory accounting change	4,256	(155)
Regulatory debit accounting change under Canadian generally accepted accounting principles	119	5,321
Net income before non-controlling interest	4,375	5,166
Non-controlling interest (see below)	1,528	1,522
Net comprehensive income	\$ 2,847	\$ 3,644

The investment in NFHHC is represented by 2,000 common shares of the company.

On January 1, 2008, Niagara Falls Hydro Inc. acquired Peninsula West Utilities Limited by way of amalgamation pursuant to a Merger Agreement dated December 19, 2007 and continued on as Niagara Peninsula Energy Inc. ("NPEI"). Niagara Falls Hydro Holding Corporation received 74.5% of the issued and outstanding common shares of NPEI.

On October 14, 2016, NFHHC acquired an additional 1,500 shares of Niagara Regional Broadband Network resulting in an increase in ownership from 56.25% to 75% for \$6,750,000.

On July 12, 2018, NFHHC acquired 750 shares, representing 75% of the total share capital of Spark Enterprises Inc. for \$7.50. This acquisition has been written off due to the uncertainty of the performance of Spark Enterprises Inc. On July 12, 2018, NFHHC became a member of the not-for-profit organization Spark Innovation Educational Center Inc.

See subsequent events note 23.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

10. Credit facilities:

The Municipality has an authorized operating loan due on demand of \$21,000,000 ("Facility #1") bearing interest at prime less 0.5% to assist with general operating requirements and to finance current expenditures, a credit facility of \$2,632,430 ("Facility #2") related to commercial cards and/or Scotia VISA business cards whose availment and interest rate are per cardholder agreement, and an authorized revolving term loan due on demand of \$1,000,000 ("Facility #3") bearing interest at prime less 0.25% to assist in financing the Community Improvement Program. As at December 31, 2023, \$Nil (2022 - \$Nil) has been drawn on Facilities #1 and #3 and \$237,978 (2022 - \$222,902) has been drawn on Facility #2 which has been included in accounts payable and accrued liabilities. All credit facilities are secured by a borrowing by-law/resolution(s) containing a pledge of revenue and a general security agreement.

11. Contingent liabilities:

(a) Legal:

As at December 31, 2023, the Municipality has known legal claims outstanding of approximately \$43,796,000. It is management's assertion that adequate defences and insurance coverages are in effect for the settlement of these claims, if necessary. Subsequent to year-end, certain other claims that were outstanding as at December 31, 2023 were settled for a total of \$22,000. No provision for claims unsettled and settled has been included in these consolidated financial statements. The Municipality's maximum insurance coverage per claim is \$20,000,000.

(b) Niagara Convention & Civic Centre Inc. ("Niagara Falls Convention Centre"):

The Municipality must notify the Government of Canada and the Province of Ontario in writing, if at any time during a period of twenty-five years from the date of completion of the Niagara Falls Convention Centre, that being April 2011, the Municipality proposes to sell, lease, encumber or otherwise dispose directly or indirectly, of any part of the Niagara Falls Convention Centre. The Municipality is contingently liable for a proportionate amount of funds in the amount of \$70,000,000 contributed equally by the Government of Canada and the Province of Ontario. The contingent liability is reduced 4% per annum up to twenty-five years after the date of completion.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

11. Contingent liabilities (continued):

(c) Niagara Falls Hydro Holding Corporation:

The Municipality has guaranteed an overall non-revolving line of credit of Niagara Falls Hydro Holding Company (“NFHHC”) in the amount of \$30,700,000 which bears interest at the bank's prime lending rate, payable interest only, monthly and is due January 31, 2023, subsequently extended to March 14, 2024. As at December 31, 2023, the line of credit outstanding is \$5,000,000 (2022 - \$5,000,000) and is secured by a general security agreement over all the assets of NFHHC. NFHHC has arranged for a standby letter of credit of \$12,000,000 (2022 - \$12,000,000) of which \$11,910,187 (2022 - \$11,910,187) has been drawn down. The Independent Electricity System Operator is the beneficiary for \$11,910,187 (2022 - \$11,910,187). This is to provide a prudential letter of credit supporting the purchase of electrical power.

12. Deferred revenue - obligatory reserve funds:

A requirement of PSAB is that obligatory reserve funds be reported as deferred revenue. These reserve funds are considered obligatory as Provincial legislation restricts how these funds may be used and, under certain circumstances, when these funds will be refunded.

In the case of development charges, revenue recognition occurs after the funds have been collected and when the Municipality has approved the expenditures and used the funds for the capital project for which development charges were raised. These funds have been set aside, as required by the Development Charges Act, to support the cost of growth related to capital projects associated with new development.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

12. Deferred revenue - obligatory reserve funds (continued):

The deferred revenues are made up of the following:

	(in thousands of dollars)		(in thousands of dollars)	
	Balance, December 31, 2022	Externally restricted inflows	Revenue earned	Balance, December 31, 2023
2% Parkland dedication	\$ 1,534	\$ (13)	\$ —	\$ 1,521
Public purpose	3,262	473	—	3,735
Canada Community Building fund	13,572	3,630	(7,934)	9,268
Provincial gas tax rebate - transit	1,737	(1,609)	(128)	—
Discounted development charges	7,615	937	(1,503)	7,049
Non-discounted development charges	22,334	1,208	(3,811)	19,731
Ontario Community Infrastructure Fund	8,537	7,272	(3,072)	12,737
Streamline Development Fund	46	2	(38)	10
Building Code Act	3,091	1,943	(2,538)	2,496
	<hr/> \$ 61,728	<hr/> \$ 13,843	<hr/> \$ (19,024)	<hr/> \$ 56,547

13. 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 4.00% (2022 - 3.50%).

A reserve fund has been established for the accumulated sick leave liability. The balance as at December 31, 2023 is \$1,450,073 (2022 - \$1,471,281). See note 15(b).

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

13. Post-employment benefits (continued):

A special purpose reserve has been established for the post-employment benefit liability. The balance as at December 31, 2023 is \$752,000 (2022 - \$519,500).

	(in thousands of dollars)	
	2023	2022
Post-employment benefits	\$ 10,736	\$ 13,256
Long-term disability	500	586
Accumulated sick leave	4,066	4,131
WSIB - Schedule II future liability	11,665	9,779
Vacation pay	633	1,032
	<hr/> \$ 27,600	<hr/> \$ 28,784

Amortization of the net actuarial gain (2022 - gain) of \$1,184,772 (2022 - \$328,781) 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 1.75% in 2024 and thereafter.

Health Costs - Health costs were assumed to increase at a rate of 5.75%, downgrading to 3.75% by 2029.

Dental Costs - Dental costs were assumed to increase at a rate of 3.75% in 2024

Workplace Safety and Insurance Board - Schedule II future liability

The Municipality has elected to be treated as a Schedule II employer and as such, is required to remit payments to the Workplace Safety and Insurance Board ("WSIB") to fund disability payments. The liability as reflected in these consolidated financial statements has been determined on an actuarial basis using a discount rate of 4.00% (2022 - 3.50%) and an inflation rate of 1.75% (2022 - 1.75%).

As a result of an actuarial valuation on the WSIB - Schedule II liability, it was determined that an actuarial loss of \$3,786,735 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$3,878,934. The actual obligation is \$15,544,107.

A reserve fund has been established for this liability. The balance as at December 31, 2023 is \$3,258,397 (2022 - \$1,407,040. See note 15(b).

The next valuation for all benefit groups is for the year ending December 31, 2025.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

13. Post-employment benefits (continued):

Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer plan, on behalf 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. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to over 600,000 active and retired members and over 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the “Plan”) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2023, the estimated accrued pension obligation for all members of the Plan was \$134,574 million (2022 - \$128,789 million). The Plan had an actuarial value of net assets at that date of \$134,574 million (2022 - \$122,111 million) indicating an actuarial deficit of \$7,571 million (2022 - \$6,100 million). The Plan is a multi-employer plan. Any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2023 was \$5,693,751 (2022 - \$5,728,354) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

On January 1, 2023, the yearly maximum pension earnings increased to \$66,600 from \$64,900 in 2022. The contributions for normal retirement age 60 are calculated at a rate of 9.2% (2022 - 9.2%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 15.8% (2022 - 15.8%) for amounts above the yearly maximum pension earnings. The contributions for normal retirement age 65 are calculated at a rate of 9.0% (2022 - 9.0%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2022 - 14.6%) for amounts above the yearly maximum pension earnings.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Net long-term liabilities:

(a) The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position is made up as follows:

	(in thousands of dollars)	
	2023	2022
Total long-term liabilities incurred by the Municipality including those incurred on behalf of other municipalities and municipal enterprises, bearing interest at annual rates ranging from 1.99% to 5.35%	\$ 71,296	\$ 65,326

(b) Of the net long-term liabilities reported in (a) of this note, principal payments are due as follows:

	(in thousands of dollars)
2024	\$ 4,964
2025	5,128
2026	5,300
2027	4,294
2028	4,298
Thereafter	47,312

(c) The net long-term liabilities in (a) 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 and Housing.

(d) Interest charges of \$2,755,039 (2022 - \$2,466,746) are included on the Consolidated Statement of Operations and Accumulated Surplus, classified under the appropriate functional expense heading.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

15. Accumulated surplus:

	(in thousands of dollars)	
	2023	2022
	(Restated - note 2)	
Invested in tangible capital assets	\$ 873,824	\$ 868,555
Capital fund	4,476	(5,012)
Operating fund	8,517	7,490
Reserves and reserve funds	122,011	106,095
Niagara Falls Hydro Holding Corporation net equity	101,098	98,922
	1,109,926	1,076,050
Amount to be recovered – post-employment benefits	(27,600)	(28,784)
Amount to be recovered – net long-term liabilities	(71,296)	(65,326)
Amount to be recovered – asset retirement obligations	(3,875)	(3,875)
	(102,771)	(97,985)
	\$ 1,007,155	\$ 978,065

(a) Operating fund balance:

	(in thousands of dollars)	
	2023	2022
For general reduction of taxation	\$ 332	\$ 329
For general reduction of user charges respecting waterworks	647	647
For general reduction of user charges respecting wastewater	338	338
For general use by the parking fund	40	40
For general use by the Library Board	298	270
For general use by the business improvement areas and convention centre	6,553	5,547
For general use by the Airport Commission	309	319
	\$ 8,517	\$ 7,490

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

15. Accumulated surplus (continued):

(b) Reserves and reserve fund balances:

	(in thousands of dollars)	
	2023	2022
Reserves set aside by Council for specific purposes:		
Working funds	\$ 265	\$ 265
Operating special purposes:		
General	16,035	7,533
Water	1,511	1,446
Wastewater	6,174	5,974
Capital special purposes:		
General	18,623	15,406
Water	10,925	10,115
Wastewater	7,471	6,955
Total reserves	\$ 61,004	\$ 47,694

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

15. Accumulated surplus (continued):

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

	(in thousands of dollars)	
	2023	2022
Reserve Funds set aside by council for specific purposes:		
Branscombe Family Grant	\$ 5	\$ 4
Capital/operations (note 17)	7,591	7,601
Coat of arms	3	3
Drainage	771	781
Expansion and renewal	—	287
FMC/Visitor transportation system	1,346	1,901
Future municipal works	—	765
Hospital (note 17)	24,729	24,590
Library funds	2,268	2,004
Licence agreements - 40 years	2	2
Lot drainage	—	201
Lundy's Lane business improvement purposes	117	117
Lundy's Lane Museum	5	5
Niagara Civic and Convention Centre Inc.	526	—
Niagara Tunnel Community Improvement	118	132
Ontario Lottery and Gaming	16,945	13,824
OMCC Grant	—	395
Parking	489	46
Prepaid works projects contributions	248	251
Projects - special needs children	19	19
Recreation trail development	89	90
Sanitary	482	488
Sewer and water impost	147	1,628
Sick leave liability (note 13)	1,450	1,471
Sidewalk construction	—	39
Social Services	111	—
Sports fund	6	6
Tree planting - developers	14	80
Water patrol boat	15	15
Willoughby museum	108	104
WSIB - Schedule II (note 13)	3,258	1,407
Victoria BIA Centre	145	145
Total reserve funds	61,007	58,401
Total reserves and reserve funds	\$ 122,011	\$ 106,095

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

15. Accumulated surplus (continued):

(c) Niagara Falls Hydro Holding Corporation net equity:

	(in thousands of dollars)	
	2023	2022
Balance, beginning of year	\$ 98,922	\$ 96,732
Net income	2,847	3,644
Dividends - non-controlling interest	(671)	(1,454)
Balance, end of year	\$ 101,098	\$ 98,922

16. Trust funds:

Trust funds administered by the Municipality amounting to \$5,435,292 (2022 - \$5,280,886) 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.

17. Contractual obligations and commitments:

(a) Capital expenditures:

The estimated future capital expenditures based on projects in progress at December 31, 2023 is approximately \$62,561,417 (2022 - \$71,021,195) after deducting the expenditures incurred as at December 31, 2023. These projects will be financed by grants, subsidies, obligatory reserve funds, transfer from operations, reserves and reserve funds and net long-term liabilities in future years.

(b) International Railway Bridge:

The Municipality, as a condition of the purchase of the CN/CP Railway Corridor, has the responsibility for the costs of demolition of the International Railway Bridge by December, 2026. This condition is subject to being waived if the bridge is subsequently sold to a third party or if demolition procedures have not commenced by CN/CP prior to December 2026. The Municipality has set aside a reserve fund (Capital/operations - see note 15(b)) amount of \$4,000,000 increasing each year by the amount of the Consumer Price Index for this purpose. In addition, the Municipality is committed to reimburse CN/CP the lesser of the actual maintenance costs incurred on the International Railway Bridge or \$100,000 on an annual basis until December 2026.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

17. Contractual obligations and commitments (continued):

(c) South Niagara Site Hospital:

The South Niagara Site Hospital (the “Project”) construction budget estimate is approximately \$1 billion. The Province is expected to fund the majority of the Project. Six southern tier local area municipalities, namely Niagara Falls, Fort Erie, Pelham, Port Colborne, Wainfleet, and Welland are requested to contribute approximately \$40 million to \$50 million toward the total local share contribution of \$200 million to \$230 million. At this time, it is uncertain how the total local share contribution will be allocated between the six southern tier municipalities. Subsequent to year-end, construction budget discussions related to the Project resulted in an estimated amount of \$30 million to \$32 million to be contributed by the Municipality (previously \$22 million). Subsequent to year-end, the Municipality committed to a local share contribution of \$ 30 million payable by the date of substantial completion of the South Niagara Hospital, estimated to be March 2028. In addition, the Municipality invested the reserve fund balance in accordance with the City's Investment Policy with a forecasted maturity value of \$30 million total, with approximately \$14 million maturing during 2027 and \$16 million maturing during the first quarter of 2028. A reserve fund has been established for this estimated contribution. The balance as at December 31, 2023 is \$24,728,520 (2022 - \$24,589,737. See note 15(b).

18. Restructuring event:

On January 1, 2023 the City of Niagara Falls Transit Department amalgamated with the St. Catharines Transit Commission, 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 Financial Assets, Liabilities and Non-Financial Assets directly attributable to the Transit Department's operation were transferred to the Niagara Transit Commission. Employee future benefits related to retired staff members remained with the City along with active WSIB claims as at December 31, 2022.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

18. Restructuring event (continued):

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

	(in thousands of dollars)
	2023
Financial Assets	
Cash and cash equivalents	\$ 96
Liabilities	
Deferred revenues – obligatory reserve funds	5,409
Post-employment benefits	495
Net long-term liabilities	3,138
	<u>9,042</u>
Net financial liabilities	(8,946)
Non-Financial Assets	
Tangible capital assets - cost	62,927
Tangible capital assets - amortization	(26,222)
Inventories and prepaid expenses	1,079
Non-financial assets	37,784
Total net assets transferred	\$ 28,838

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

19. Statement of cash flows:

Changes in cash components include:

	(in thousands of dollars)	
	2023	2022
Change in investments	\$ (20,966)	\$ 83,202
Change in taxes receivable	(5,994)	(1,520)
Change in accounts receivable	9,377	(3,838)
Change in user fees receivable	(995)	(475)
Change in long-term receivables	209	198
Change in inventories and prepaid expenses	1,642	(246)
Change in accounts payable and accrued liabilities	10,236	5,332
Change in deferred revenue - obligatory reserve funds	(5,181)	6,085
Change in deferred revenue	(4,046)	993
Change in other liabilities	2,008	1,699
Change in post-employment benefits	(1,184)	(329)
	<hr/> \$ (14,281)	<hr/> \$ 91,101

20. Contributions to joint board:

Further to note 1(a), the following contributions were made by the Municipality to:

	(in thousands of dollars)	
	2023	2022
Niagara District Airport Commission	\$ 320	\$ 296

The Municipality's share of the net assets of the Niagara District Airport Commission is approximately 37.7%.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

21. Segmented reporting:

The Municipality is a lower tier municipal government that provides a wide range of services to its citizens. Segmented information has been identified based on functional classification as categorized by the Financial Information Return. These classifications are as follows:

General Government

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, and Information Systems.

Protection

Reported in this functional area are Fire, Policing for the Casino Districts and Building and Enforcement Services. The mandate of Fire Services is to provide emergency services through a range of services to protect the lives and property of the inhabitants of the Municipality. The Municipality has an arrangement with the Regional Municipality of Niagara Police Services Board that requires the Municipality to pay for its share of policing costs related to the casino districts. The mandate of Building Services is to inform and assist customers to ensure safe and orderly development and provide efficient delivery of building approvals, inspections and management systems. The mandate of Municipal Enforcement Services is to achieve compliance with municipal by-laws through education, enforcement and, as necessary, prosecution.

Transportation

Reported in this functional area are Roads and Parking Services. The mandate for Roads is to provide quality road and traffic maintenance and operations to the residents and businesses of the Municipality. This area is also responsible for winter control. The Parking system provides public parking opportunities and enforcement regulations throughout the Municipality.

Environmental

Reported in this functional area are Sanitary, Storm and Water Systems. The mandate is to provide a safe and reliable water resource system and is responsible for the maintenance and operation of the systems and monitoring and administering environmental programs.

Health and Social and Family Services

Reported in this area is Cemetery Services and the Older Adult (60 Plus) Recreation Centre (the "Centre"). The mandate of Cemetery Services is to ensure the benefit and protection of each citizen who has purchased or has an interest in interment rights within each cemetery. The mission of the Centre is to enhance the quality of life and well-being of those 60 and over in the Municipality. It strives to contribute to the social, educational and recreational needs by offering programs and services in a safe and comfortable environment.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

21. Segmented reporting (continued):

Recreation and Culture

Reported in this functional area are Parks, Recreation and Culture. The Parks division is responsible for the maintenance, improvement and beautification of various parks as well as the planning and construction of new parkland and open space. The Recreation and Culture department is responsible for the delivery of various related programs and the provision of facilities as well as the support of groups and organizations throughout the Municipality.

Planning and Development

The Planning department creates the policy framework and implementation tools required to shape the future of the Municipality. The Development division is responsible for ensuring that the Municipality's land development standards are achieved on all development applications.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements. See note 22 for a discussion on the budgeted figures provided.

22. Budget figures:

The consolidated operating budget for the year ended 2023 includes the budgets approved by the Municipality, several boards and municipal enterprises and is reflected on the Consolidated Statement of Operations and Accumulated Surplus. These numbers have not been audited but are presented for information purposes only. The budgets established for capital funds, reserves and reserve funds are on a project-oriented basis, the costs of which may be carried out over one or more years. As such, they are not directly comparable with current year actual amounts and have not been reflected. Budget figures have been reclassified to comply with PSAB reporting requirements.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

22. Budget figures (continued):

The chart below reconciles the approved budget figures reported on the Consolidated Statement of Operations and Accumulated Surplus.

	(in thousands of dollars)
	Budget
Approved Operating Surplus	-
Add:	
Library operating surplus (before capital, debt and transfers to reserves)	\$ 430
Niagara Civic and Convention Centre operating surplus	754
Net transfers to reserves	19,768
Principal repayment of long-term liabilities	4,963
Airport operating deficit (before capital and debt)	(190)
 Surplus reported on the consolidated statement of operations and accumulated surplus	 \$ 25,725

23. Subsequent events:

Subsequent to the balance sheet date of December 31, 2023, and prior to the issuance of these financial statements, Niagara Falls Hydro Holding Corporation, wholly owned by the Municipality, entered into a definitive agreement for the sale of its shares in Niagara Regional Broadband Network Limited. The acquisition was completed on February 5, 2024, and its financial impact will be reflected in NFHHC's 2024 financial statements.

On February 5, 2024 and February 7, 2024, respectively, NFHHC fully repaid its operating line of credit of \$4,410,000 and long-term debt of \$18,794,800 using the cash proceeds from the sale of its shares. In addition, NFHHC repaid \$5,000,000 bank loan in full on April 22, 2024.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Schedule of Segmented Reporting
(In thousands of dollars)

Year ended December 31, 2023

	General Government				Protection				Transportation				Environmental			
	2023		2023		2022		2023		2022		2023		2022		2023	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenue																
Taxation	\$ 90,716	\$ 93,452	\$ 84,825	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,057	\$ 2,882	\$ 53,978	\$ 53,859	\$ -	\$ 48,974	\$ -	\$ -
User fees	379	546	352	289	317	226	716	1,057	2,882	53,978	53,859	48,974				
Government grants	358	1,022	893	-	7	-	60	658	5,996	-	2,070	1,267				
Other	23,972	37,133	30,070	38	3,178	(91)	3,466	35,326	14,168	407	10,122	3,408				
Government business enterprise	-	2,847	3,644	-	-	-	-	-	-	-	-	-				
Gain (loss) on sale of tangible capital assets	-	(58)	(294)	-	(7)	-	-	(37,236)	(437)	-	(323)	(122)				
	115,425	134,942	119,490	327	3,495	135	4,242	(195)	22,609	54,385	65,728	53,527				
Expenses																
Salaries and wages	15,770	14,058	13,288	27,738	26,796	26,360	11,611	11,879	22,513	5,616	5,217	4,844				
Materials	6,494	13,690	7,023	1,904	2,036	1,888	3,530	9,141	10,175	1,889	1,724	1,644				
Contracted services	1,997	1,664	2,059	3,503	4,542	4,325	7,104	11,436	5,620	33,118	24,416	30,073				
Rents and financial expenses	347	538	235	188	165	183	455	402	357	333	313	275				
Interfunctional transfers	(7,836)	(6,873)	(6,248)	1,893	1,676	1,555	3,991	3,550	3,143	1,090	944	908				
External transfers	4,631	4,096	4,183	14	18	21	-	-	-	-	-	-				
Amortization	-	1,754	1,555	-	1,436	1,400	-	8,040	11,823	-	10,091	9,606				
Debt service	180	180	200	323	296	249	119	83	95	498	479	222				
	21,583	29,107	22,295	35,563	36,965	35,981	26,810	44,531	53,726	42,544	43,184	47,572				
Annual surplus (deficit)	\$ 93,842	\$ 105,835	\$ 97,195	\$ (35,236)	\$ (33,470)	\$ (35,846)	\$ (22,568)	\$ (44,726)	\$ (31,117)	\$ 11,841	\$ 22,544	\$ 5,955				

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Schedule of Segmented Reporting (continued)
(In thousands of dollars)

Year ended December 31, 2023

	Health/Social			Recreation and Culture			Planning and Development			Total		
	2023	2023	2022	2023	2023	2022	2023	2023	2022	2023	2023	2022
	Budget	Actual	Actual	Budget	Actual	Actual	Budget	Actual	Actual	Budget	Actual	Actual
Revenue												
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200	\$ 1,220	\$ 1,217	\$ 91,916	\$ 94,672	\$ 86,042
User fees	666	765	705	7,322	9,258	6,922	652	908	604	64,002	66,710	60,665
Government grants	43	93	128	230	2,792	761	587	1,098	1,630	1,278	7,740	10,675
Other	426	491	360	2,147	4,332	2,277	72	99	1,084	30,528	90,681	51,276
Government business enterprise	-	-	-	-	-	-	-	-	-	-	2,847	3,644
Gain (loss) on sale of tangible capital assets	-	(221)	(15)	-	(793)	(145)	-	-	-	-	(38,638)	(1,013)
	1,135	1,128	1,178	9,699	15,589	9,815	2,511	3,325	4,535	187,724	224,012	211,289
Expenses												
Salaries and wages	1,697	1,644	1,598	14,672	11,374	10,273	3,188	2,686	2,343	80,292	73,654	81,219
Materials	337	383	425	6,826	9,935	9,288	262	145	114	21,242	37,054	30,557
Contracted services	253	227	241	2,038	1,993	2,843	854	1,042	1,952	48,867	45,320	47,113
Rents and financial expenses	43	31	36	287	318	292	125	621	1	1,778	2,388	1,379
Interfunctional transfers	299	237	234	535	433	383	28	33	25	-	-	-
External transfers	622	622	452	-	-	452	1,443	1,326	1,734	6,710	6,062	6,842
Amortization	-	173	200	216	5,587	5,291	-	90	90	216	27,171	29,965
Debt service	-	-	-	1,774	1,717	1,701	-	-	-	2,894	2,755	2,467
	3,251	3,317	3,186	26,348	31,357	30,523	5,900	5,943	6,259	161,999	194,404	199,542
Annual surplus (deficit)	\$ (2,116)	\$ (2,189)	\$ (2,008)	\$ (16,649)	\$ (15,768)	\$ (20,708)	\$ (3,389)	\$ (2,618)	\$ (1,724)	\$ 25,725	\$ 29,608	\$ 11,747

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Schedule of Tangible Capital Assets
(In thousands of dollars)

Year ended December 31, 2023

	Cost				Accumulated Depreciation				Balance, End of Year	Net Book Value		
	Balance, Beginning of Year		Additions	Disposals	Balance, End of Year		Beginning of Year	Amortization expense				
	Year	Year			Year	Year						
2023												
General												
Land	\$ 37,361	\$ 670	\$ (10)	\$ 38,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,021		
Land improvements	49,218	3,981	(2,825)	50,374	15,710	1,974	(714)	16,970		33,404		
Buildings	198,179	16,212	(22,545)	191,846	56,592	4,002	(4,819)	55,775		136,071		
Furniture and equipment	46,281	8,645	(9,729)	45,197	31,578	2,814	(7,267)	27,125		18,072		
Vehicles	79,073	3,539	(31,821)	50,791	50,371	1,943	(16,584)	35,730		15,061		
Leasehold improvements	714	-	-	714	154	33	-	187		527		
	410,826	33,047	(66,930)	376,943	154,405	10,766	(29,384)	135,787		241,156		
Infrastructure												
Environmental	519,012	26,614	(178)	545,448	197,844	7,224	(76)	204,992		340,456		
Roads	281,089	22,275	(2,938)	300,426	132,258	6,506	(2,028)	136,736		163,690		
Water	165,817	14,861	(295)	180,383	56,660	2,675	(202)	59,133		121,250		
	965,918	63,750	(3,411)	1,026,257	386,762	16,405	(2,306)	400,861		625,396		
Work in progress	32,978	79,498	(105,204)	7,272	-	-	-	-		7,272		
	\$ 1,409,722	\$ 176,295	\$ (175,545)	\$ 1,410,472	\$ 541,167	\$ 27,171	\$ (31,690)	\$ 536,648		\$ 873,824		

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Schedule of Tangible Capital Assets (continued)

(In thousands of dollars)

Year ended December 31, 2023

	Cost				Accumulated Depreciation				Balance, End of Year	Net Book Value		
	Balance, Beginning of Year		Additions	Disposals	Balance, End of Year		Beginning of Year	Amortization expense				
	Year	Year			Year	Year						
2022												
General												
Land	\$ 30,194	\$ 7,187	\$ (20)	\$ 37,361	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,361		
Land improvements	43,417	6,096	(295)	49,218	14,000	1,939	(229)	15,710	15,710	33,508		
Buildings	197,624	1,156	(601)	198,179	52,499	4,348	(255)	56,592	56,592	141,587		
Furniture and equipment	44,871	2,278	(868)	46,281	28,972	3,474	(868)	31,578	31,578	14,703		
Vehicles	80,675	1,615	(3,217)	79,073	48,927	4,597	(3,153)	50,371	50,371	28,702		
Leasehold improvements	714	-	-	714	121	33	-	154	154	560		
	397,495	18,332	(5,001)	410,826	144,519	14,391	(4,505)	154,405	154,405	256,421		
Infrastructure												
Environmental	513,324	6,029	(341)	519,012	191,291	6,855	(302)	197,844	197,844	321,168		
Roads	273,081	10,770	(2,762)	281,089	128,476	6,150	(2,368)	132,258	132,258	148,831		
Water	161,259	4,845	(287)	165,817	54,295	2,568	(203)	56,660	56,660	109,157		
	947,664	21,644	(3,390)	965,918	374,062	15,573	(2,873)	386,762	386,762	579,156		
Work in progress	25,633	45,163	(37,818)	32,978	-	-	-	-	-	32,978		
	\$ 1,370,792	\$ 85,139	\$ (46,209)	\$ 1,409,722	\$ 518,581	\$ 29,964	\$ (7,378)	\$ 541,167	\$ 541,167	\$ 868,555		