

Consolidated Financial Statements of
(In thousands of dollars)

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

Year ended December 31, 2024

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Table of Contents

Year ended December 31, 2024

	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
Schedule of Tangible Capital Assets	31
Schedules of Segmented Reporting	33

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
March 3, 2026

Jason Burgess
Chief Administrative Officer
March 3, 2026



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, 2024
- 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, 2024, 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.



Page 2

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

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

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

In preparing the financial statements, management is responsible for assessing the 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.



Page 3

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

March 3, 2026

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Consolidated Statement of Financial Position
(In thousands of dollars)

December 31, 2024, with comparative information for 2023

	2024	2023
Financial Assets		
Cash and cash equivalents (note 5)	\$ 161,731	\$ 157,683
Investments (note 6)	96,891	56,664
Taxes receivable	33,316	22,708
Accounts receivable	15,378	14,478
User fees receivable	8,856	6,974
Long-term receivables (note 8)	67	265
Long-term investment (note 9)	84,825	101,098
	<u>401,064</u>	<u>359,870</u>
Liabilities		
Accounts payable and accrued liabilities	37,285	45,233
Deferred revenue - obligatory reserve funds (note 12)	63,530	56,547
Deferred revenue	8,928	9,504
Other liabilities	13,280	14,839
Post-employment benefits (note 13)	28,680	27,600
Net long-term liabilities (note 14)	75,432	71,296
Asset retirement obligations	3,864	3,875
	<u>230,999</u>	<u>228,894</u>
Net financial assets	170,065	130,976
Non-Financial Assets		
Tangible capital assets (schedule)	892,984	873,824
Inventories and prepaid expenses	2,908	2,355
	<u>895,892</u>	<u>876,179</u>
Credit facilities (note 10)		
Contingent liabilities (note 11)		
Contractual obligations and commitments (note 17)		
Accumulated surplus (note 15)	<u>\$ 1,065,957</u>	<u>\$ 1,007,155</u>

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, 2024, with comparative information for 2023

	2024 Budget (note 21)	2024 Actual	2023 Actual
Revenue:			
Taxation (note 7)	\$ 96,686	\$ 100,714	\$ 94,672
User fees	70,276	75,684	66,710
Government of Canada grants	35	1,042	4,072
Province of Ontario grants	712	1,329	2,024
Other municipal grants	77	1,298	1,644
Interest, penalties and fines	3,032	4,697	3,832
Investment income	3,075	8,535	6,635
Casino and gaming revenues	14,000	18,418	19,809
Niagara Falls Hydro Holding Corporation net comprehensive income (note 9)	–	18,547	2,847
Contributions from Obligatory Reserve Funds (note 12)	–	22,003	19,024
Other	10,777	14,443	20,596
Contributed tangible capital assets	–	8	20,785
Loss on disposal of tangible capital assets	–	(821)	(38,638)
	198,670	265,897	224,012
Expenses:			
General government	22,020	31,518	29,107
Protection to persons and property	38,332	40,307	36,965
Transportation services	27,129	35,953	44,531
Environmental services	47,957	56,780	43,184
Health services	2,483	2,553	2,516
Social and family services	747	755	801
Recreation and cultural services	28,337	34,026	31,357
Planning and development	6,013	5,562	5,943
	173,018	207,454	194,404
Annual surplus	25,652	58,443	29,608
Accumulated surplus, beginning of year	1,007,155	1,007,155	978,065
Accumulated remeasurement loss	–	359	(518)
Accumulated surplus, end of year	\$ 1,032,807	\$ 1,065,957	\$ 1,007,155

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)

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Accumulated remeasurement gains, beginning of the year	\$ (518)	\$ –
Adjustment on adoption of the financial instruments standard	359	–
	(159)	–
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	(159)	(518)
Accumulated remeasurement losses, end of the year	\$ (159)	\$ (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, 2024, with comparative information for 2023

	2024 Budget (note 21)	2024 Actual	2023 Actual
Annual surplus	\$ 25,652	\$ 58,443	\$ 29,608
Acquisition of tangible capital assets	(66,653)	(48,821)	(50,293)
Amortization of tangible capital assets	28,848	28,848	27,171
Loss on disposal of tangible capital assets	821	821	38,638
Contributed tangible capital assets	(8)	(8)	(20,785)
Change in inventories and prepaid expenses	–	(553)	1,642
Remeasurement gain/(loss)	–	359	(518)
Increase in net financial assets	(11,340)	39,089	25,463
Net financial assets, beginning of year	130,976	130,976	105,513
Net financial assets, end of year	\$ 119,636	\$ 170,065	\$ 130,976

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, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 58,443	\$ 29,608
Items not involving cash:		
Amortization of tangible capital assets	28,848	27,171
Loss on disposal of tangible capital assets	821	38,638
Contributed tangible capital assets	(8)	(20,785)
Niagara Falls Hydro Holding Corporation net comprehensive income (note 9)	(18,547)	(2,847)
Adjustments for fair market value of investments	359	(518)
Change in non-cash operating working capital items (note 18)	(56,003)	(14,281)
	13,913	56,986
Capital activities:		
Acquisition of tangible capital assets	(48,821)	(50,293)
Investing activities:		
Dividends received from Niagara Falls Hydro Holding Corporation (note 15(c))	34,820	671
Financing activities:		
Long-term debt issued	9,100	10,641
Long-term debt repaid	(4,964)	(4,671)
	4,136	5,970
Increase in cash	4,048	13,334
Cash and cash equivalents, beginning of year	157,683	144,349
Cash and cash equivalents, end of year	\$ 161,731	\$ 157,683

See accompanying notes to consolidated financial statements.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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 21.

(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
Fallsvievw 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 transactions and balance between the Municipality and the boards and enterprises have been eliminated.

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 19.

Niagara District Airport Commission (Joint Board)

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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

Year ended December 31, 2024

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 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

Year ended December 31, 2024

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 12. 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

Year ended December 31, 2024

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

Year ended December 31, 2024

1. Significant accounting policies (continued):

(n) Asset Retirement Obligations:

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made.

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made.

The Municipality reports liabilities related to legal obligations where the Municipality is obligated to incur costs to retire a tangible capital asset. An asset retirement obligation liability has been recorded for activities to fulfill the retirement of obligations identified based on estimates for the extent and costs directly attributable to asset retirement activities. As at December 31, 2024, all liabilities for asset retirement obligations are reported at current cost without discounting. In subsequent years, the liability is adjusted for changes resulting from the passing of time and revisions to either the timing or amount of the original estimate of undiscounted cash flows associated with the retirement obligation.

A significant part of the asset retirement obligation results from the removal and disposal of soil contaminants from past land contamination and designated substances such as asbestos from the Municipality's buildings.

The tangible capital assets affected by the obligations are amortized in accordance with the accounting policies outlined in note 1(e)(i). The liability associated with settlement of the obligations are amortized in accordance with the useful life of the related assets.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2024

1. Significant accounting policies (continued):

(k) 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

For financial assets and financial liabilities measured at amortized cost, interest is to be recorded using the effective interest rate (EIR) method. The EIR is the rate that discounts the estimated future cash payments or receipts over the expected life of the financial instrument or, where appropriate, a shorter period.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2024

2. Adoption of new accounting standards:

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

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligation (i.e., the payor expects a good or service from the Municipality), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a measurable component of a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

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

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

The Municipality has chosen to adopt these standards on a prospective basis. PSG-8 *Purchased Intangibles* and PS 3160 *Public Private Partnerships* had no impact on the consolidated financial statements.

3. Future accounting policies:

Effective for years ending on or after April 1, 2026, the Municipality will be required to adopt PS 1202 *Financial Statement Presentation* which replaces the current section of PS 1201 *Financial Statement Presentation*. The standard will have a significant impact on the presentation of the financial statements, as follows:

- Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.
- Separating liabilities into financial liabilities and non-financial liabilities.
- Restructuring the statement of financial position to present total assets followed by total liabilities.
- Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2024

3. Future accounting policies (continued):

- Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”.
- A new provision whereby an entity can use an amended budget in certain circumstances.
- Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.

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 2024	School boards 2023	Region 2024	Region 2023
Taxation	\$ 41,246	\$ 39,034	\$ 129,062	\$ 117,793
Payments-in-lieu of taxes	3,219	3,237	5,163	4,937
Amounts received or receivable	44,465	42,271	134,225	122,730
Requisitions	(44,465)	(42,271)	(134,225)	(122,730)
Over-levies (under-levies) at year end	\$ –	\$ –	\$ –	\$ –

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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)	
	2024	2023
Unrestricted	\$ 54,539	\$ 55,551
Restricted	107,192	102,132
	<u>\$ 161,731</u>	<u>\$ 157,683</u>

6. Investments:

Investments have a book value of \$96,890,827 (2023 - \$56,663,348) and a market value of \$105,900,421 (2023 - \$57,572,422).

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 taxes receivable balance, including penalties and interest, are net of an allowance for doubtful accounts of \$233,000 (2023 - \$233,000).

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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)	
	2024	2023
Residential and farm taxation	\$ 153,735	\$ 144,218
Commercial, industrial and business taxation and supplemental taxes	109,948	100,056
Taxation from other government	15,721	15,399
	279,404	259,673
Payments to region and school board	(178,690)	(165,001)
Net property taxes and payments-in-lieu available for municipal purposes	\$ 100,714	\$ 94,672

8. Long-term receivables:

Included in long-term receivables are amounts totaling \$66,688 (2023 - \$265,295), which are unsecured with, varying terms of repayment and bearing interest at \$nil (2023 - \$nil).

9. Investment in Niagara Falls Hydro Holding Corporation:

	(in thousands of dollars)	
	2024	2023
Statement of Financial Position		
Current assets	\$ 58,982	\$ 44,537
Capital assets	223,090	263,408
Other assets	307	35,938
Regulatory assets	15,450	16,971
Total assets	297,829	360,854
Current liabilities	25,185	50,587
Other liabilities	56,122	79,492
Long-term debt	100,600	92,287
Non-controlling interest (see below)	23,845	31,581
Regulatory liabilities	7,252	5,809
Total liabilities and other	213,004	259,756
Net assets	\$ 84,825	\$ 101,098

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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

	(in thousands of dollars)	
	2024	2023
Statement of Comprehensive Income		
Revenue	\$ 232,932	\$ 205,503
Operating expenses	209,926	201,247
Net income before regulatory accounting change	23,006	4,256
Regulatory debit accounting change under Canadian generally accepted accounting principles	(3,025)	119
Net income before non-controlling interest	19,981	4,375
Less: Non-controlling interest (see below)	1,434	1,528
Net comprehensive income	\$ 18,547	\$ 2,847

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.

On February 5, 2024, NFHHC entered into a definitive agreement for the sale of its shares in Niagara Regional Broadband Network Limited.

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

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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 availability 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, 2024, \$Nil (2023 - \$Nil) has been drawn on Facilities #1 and #3 and \$237,978 (2023 - \$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, 2024, the Municipality has known legal claims outstanding of approximately \$43,679,000. 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, 2024 were settled for a total of \$204,000. No provision for claims unsettled and settled has been included in these consolidated financial statements. The Municipalities 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.

(c) Niagara Falls Hydro Holding Corporation:

As at December 31, 2024, the line of credit outstanding is \$nil (2023 - \$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 (2023 - \$12,000,000) of which \$11,910,187 (2023 - \$11,910,187) has been drawn down. The Independent Electricity System Operator is the beneficiary for \$11,910,987 (2023 - \$11,910,187). This is to provide a prudential letter of credit supporting the purchase of electrical power.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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.

The deferred revenues are made up of the following:

	(in thousands of dollars)		(in thousands of dollars)	
	Balance, December 31, 2023	Externally restricted inflows	Revenue earned	Balance, December 31, 2024
2% Parkland dedication	\$ 1,521	\$ 64	\$ (122)	\$ 1,463
Public purpose	3,735	1,277	–	5,012
Canada Community Building fund	9,268	3,490	(3,188)	9,570
Community Benefit Charges	–	182	–	182
Development Charges	26,780	12,085	(4,751)	34,114
Ontario Community Infrastructure Fund	12,737	6,601	(11,025)	8,313
Streamline Development Fund	10	1	–	11
Building Code Act	2,496	5,286	(2,917)	4,865
	\$ 56,547	\$ 28,986	\$ (22,003)	\$ 63,530

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% (2023 – 4.00%).

A reserve fund has been established for the accumulated sick leave liability. The balance as at December 31, 2024 is \$1,510,577 (2023 - \$1,450,073). See note 15(b).

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2024

13. Post-employment benefits (continued):

A special purpose reserve has been established for the post-employment benefit liability. The balance as at December 31, 2024 is \$1,250,000 (2023 - \$752,000).

	(in thousands of dollars)	
	2024	2023
Post-employment benefits	\$ 10,386	\$ 10,736
Long-term disability	526	500
Accumulated sick leave	4,473	4,066
WSIB - Schedule II future liability	12,692	11,665
Vacation pay	603	633
	<u>\$ 28,680</u>	<u>\$ 27,600</u>

Amortization of the net actuarial gain of \$1,080,000 (2023 - \$1,184,772) 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% (2023 - 4.00%) and an inflation rate of 1.75% (2023 - 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 \$3,380,038. The actual obligation is \$15,544,107.

A reserve fund has been established for this liability. The balance as at December 31, 2024 is \$5,069,038 (2023 - \$3,258,397. 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

Year ended December 31, 2024

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. The OMERS pension plan is 98% (2023 – 97%) funded, reporting a deficit of \$2,900,000 (2023 - \$4,200,000) as at December 31, 2024. 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 2024 was \$6,087,243 (2023 - \$5,693,751) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

On January 1, 2024, the yearly maximum pension earnings increased to \$68,500 from \$66,600 in 2023. The contributions for normal retirement age 60 are calculated at a rate of 9.2% (2023 - 9.2%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 15.8% (2023 - 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% (2023 – 9.0%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2023 – 14.6%) for amounts above the yearly maximum pension earnings.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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)	
	2024	2023
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%	\$ 75,432	\$ 71,296

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

	(in thousands of dollars)	
2025	\$	5,429
2026		5,616
2027		4,622
2028		4,641
2029		4,787
Thereafter		50,337

- (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 \$2,736,314 (2023 - \$2,755,039) 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

Year ended December 31, 2024

15. Accumulated surplus:

	(in thousands of dollars)	
	2024	2023
Invested in tangible capital assets	\$ 892,984	\$ 873,824
Capital fund	(4,014)	4,476
Operating fund	9,644	8,517
Reserves and reserve funds	190,494	122,011
Niagara Falls Hydro Holding Corporation net equity	84,825	101,098
	<u>1,173,933</u>	<u>1,109,926</u>
Amount to be recovered – post-employment benefits	(28,680)	(27,600)
Amount to be recovered – net long-term liabilities	(75,432)	(71,296)
Amount to be recovered – asset retirement obligations	(3,864)	(3,875)
	<u>(107,976)</u>	<u>(102,771)</u>
	<u>\$ 1,065,957</u>	<u>\$ 1,007,155</u>

(a) Operating fund balance:

	(in thousands of dollars)	
	2024	2023
For general reduction of taxation	\$ 556	\$ 332
For general reduction of user charges respecting waterworks	300	647
For general reduction of user charges respecting wastewater	300	338
For general use by the parking fund	40	40
For general use by the Library Board	198	298
For general use by the business improvement areas and convention centre	7,957	6,553
For general use by the Airport Commission	293	309
	<u>\$ 9,644</u>	<u>\$ 8,517</u>

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2024

15. Accumulated surplus (continued):

(b) Reserves and reserve fund balances:

	(in thousands of dollars)	
	2024	2023
Reserves set aside by Council for specific purposes:		
Working funds	\$ 265	\$ 265
Operating special purposes:		
General	21,473	16,035
Water	2,181	1,511
Wastewater	7,047	6,174
Capital special purposes:		
General	50,422	18,623
Water	17,729	10,925
Wastewater	17,115	7,471
Total reserves	\$ 116,232	\$ 61,004

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2024

15. Accumulated surplus (continued):

	(in thousands of dollars)	
	2024	2023
Reserves set aside by Council for specific purposes:		
Branscombe Family Grant	5	5
Capital/operations (note 17)	7,926	7,591
Coat of arms	3	3
Drainage	803	771
FMC/Visitor transportation system	910	1,346
Hospital (note 17)	25,461	24,729
Library funds	1,917	2,268
Licence agreements - 40 years	2	2
Lundy's Lane business improvement purposes	117	117
Lundy's Lane Museum	5	5
Niagara Civic and Convention Centre Inc.	542	526
Niagara Tunnel Community Improvement	113	118
Ontario Lottery and Gaming	28,325	16,945
Parking	-	489
Prepaid works projects contributions	258	248
Projects - special needs children	20	19
Recreation trail development	93	89
Sanitary	502	482
Sewer and water impost	154	147
Sick leave liability (note 13)	1,511	1,450
Social Services	228	111
Sports fund	6	6
Tree planting - developers	18	14
Water patrol boat	16	15
Willoughby museum	114	108
WSIB - Schedule II (note 13)	5,069	3,258
Victoria BIA Centre	145	145
Total reserve funds	\$ 74,263	\$ 61,007
Total reserves and reserve funds	\$ 190,495	\$ 122,011

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2024

15. Accumulated surplus (continued):

(c) Niagara Falls Hydro Holding Corporation net equity:

	(in thousands of dollars)	
	2024	2023
Balance, beginning of year	\$ 101,098	\$ 98,922
Net income	18,547	2,847
Dividends - non-controlling interest	(34,820)	(671)
Balance, end of year	\$ 84,825	\$ 101,098

16. Trust funds:

Trust funds administered by the Municipality amounting to \$5,922,435 (2023 - \$5,435,292) 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, 2024 is approximately \$82,896,331 (2023 - \$62,561,417) after deducting the expenditures incurred as at December 31, 2024. 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

Year ended December 31, 2024

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 were requested to contribute approximately \$40 million to \$50 million toward the total local share contribution of \$200 million to \$230 million. 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, 2024 is \$25,461,301 (2023 - \$24,728,520). See note 15(b).

18. Statement of cash flows:

Changes in cash components include:

	(in thousands of dollars)	
	2024	2023
Change in investments	\$ (40,227)	\$ (20,353)
Change in taxes receivable	(10,608)	(5,994)
Change in accounts receivable	(900)	9,377
Change in user fees receivable	(1,882)	(995)
Change in long-term receivables	198	209
Change in inventories and prepaid expenses	(553)	1,642
Change in accounts payable and accrued liabilities	(7,948)	10,236
Change in deferred revenue - obligatory reserve funds	6,983	(5,181)
Change in deferred revenue	(576)	(4,046)
Change in other liabilities	(1,559)	2,008
Change in asset retirement obligations	(11)	-
Change in post-employment benefits	1,080	(1,184)
	\$ 56,003	\$ (14,281)

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2024

19. Contributions to joint board:

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

	(in thousands of dollars)	
	2024	2023
Niagara District Airport Commission	\$ 479	\$ 320

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

20. 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.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2024

20. Segmented reporting (continued):

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 internment 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.

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 21 for a discussion on the budgeted figures provided.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Notes to Consolidated Financial Statements

Year ended December 31, 2024

21. Budget figures:

The consolidated operating budget for the year ended 2024 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.

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)	\$ 437
Niagara Civic and Convention Centre operating surplus	1,311
Net transfers to reserves	18,940
Principal repayment of long-term liabilities	4,964
Surplus reported on the consolidated statement of operations and accumulated surplus	\$ 25,652

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Schedule of Tangible Capital Assets
(In thousands of dollars)

Year ended December 31, 2024

	Cost				Accumulated Amortization			Net Book Value
	Balance, Beginning of Year	Additions	Disposals and Write Downs	Balance, End of Year	Balance, Beginning of Year	Disposals and Write Downs	Balance, End of Year	
	\$	\$	\$	\$	\$	\$	\$	\$
2024								
General								
Land	38,021	8,878	8	46,891	-	-	-	46,891
Land Improvements	50,469	999	68	51,400	17,019	2,091	50	32,340
Buildings	191,845	2,211	797	193,259	55,776	4,142	370	133,711
Furniture and Equipmen	43,589	3,339	790	46,138	26,689	3,261	773	16,961
Vehicles	50,791	4,475	1,923	53,343	35,730	2,194	1,890	17,309
Leasehold Improvement	2,228	2,162	-	4,390	573	209	-	3,608
	376,943	22,064	3,586	395,421	135,787	11,897	3,083	250,820
Infrastructure								
Environmental	545,448	3,981	67	549,362	204,992	7,302	57	337,125
Roads	300,426	16,590	2,380	314,636	136,736	6,839	2,262	173,323
Water	180,383	6,785	605	186,563	59,133	2,809	396	125,017
	1,026,257	27,356	3,052	1,050,561	400,861	16,950	2,715	635,465
Work in Progress	7,272	55,231	55,804	6,699				6,699
	1,410,472	104,651	62,442	1,452,681	536,648	28,847	5,798	892,984

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Schedule of Tangible Capital Assets (continued)

(In thousands of dollars)

Year ended December 31, 2024

	Cost			Accumulated Amortization			Balance, End of Year	Net Book Value
	Balance, Beginning of Year	Additions	Disposals and Writedowns	Balance, Beginning of Year	Amortization	Disposals and Write Downs		
	\$	\$	\$	\$	\$	\$	\$	\$
2023								
General								
Land	37,361	670	10	38,021	-	-	-	38,021
Land Improvements	49,315	3,979	2,825	50,469	15,757	1,977	714	33,449
Buildings	198,177	16,212	22,545	191,844	56,591	4,003	4,819	136,069
Furniture and Equipment	44,703	8,615	9,729	43,589	31,219	2,738	7,267	16,899
Vehicles	79,073	3,539	31,821	50,791	50,370	1,943	16,584	15,062
Leasehold Improvements	2,199	30	-	2,229	472	102	-	1,655
	410,828	33,045	66,930	376,943	154,409	10,763	29,384	241,155
Infrastructure								
Environmental	519,012	26,614	178	545,448	197,843	7,227	76	340,454
Roads	281,089	22,275	2,938	300,426	132,257	6,506	2,028	163,691
Water	165,815	14,863	295	180,383	56,658	2,675	202	121,252
	965,916	63,752	3,411	1,026,257	386,758	16,408	2,306	625,397
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	873,824

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Schedule of Segmented Reporting
(in thousands of dollars)

Year ended December 31, 2024

	General Government			Protection			Transportation			Environmental		
	2024 Budget \$	2024 Actual \$	2023 Actual \$									
Revenues												
Taxation	95,849	99,877	93,452	-	-	-	-	-	-	-	-	-
User fees	485	592	546	313	446	317	921	1,222	1,057	58,800	60,949	53,859
Government grants	307	723	1,022	-	148	7	60	578	658	-	1,040	2,070
Other	24,533	38,433	37,133	32	3,502	3,178	2,523	19,083	35,326	357	3,419	10,122
Government business enterprises	-	18,547	2,847	-	-	-	-	-	-	-	-	-
Gain/(Loss) on disposal of tangible capital assets	-	(185)	(58)	-	(15)	(7)	-	(123)	(37,236)	-	(238)	(323)
	121,174	157,987	134,942	345	4,081	3,495	3,504	20,760	(195)	59,157	65,170	65,728
Expenses												
Salaries and wages	16,760	16,213	14,058	28,742	28,361	26,796	12,750	12,950	11,879	6,257	5,853	5,217
Materials	7,861	15,847	13,690	2,273	2,448	2,036	3,553	3,836	9,141	2,055	2,368	1,724
Contracted services	2,134	1,809	1,664	3,630	4,429	4,542	6,136	6,161	11,436	37,249	35,933	24,416
Rents and financial expenses	336	383	538	189	163	165	545	316	402	476	493	313
Interfunctional transfers	(9,330)	(9,102)	(6,873)	3,188	3,099	1,676	4,061	3,931	3,550	1,105	1,099	944
External transfers	4,099	4,213	4,096	18	15	18	-	-	-	350	181	-
Amortization	-	1,995	1,754	-	1,501	1,436	-	8,647	8,040	-	10,305	10,091
Debt service	160	160	180	292	291	296	84	112	83	465	548	479
	22,020	31,518	29,107	38,332	40,307	36,965	27,129	35,953	44,531	47,957	56,780	43,184
Annual Surplus (Deficit)	99,154	126,469	105,835	(37,987)	(36,226)	(33,470)	(23,625)	(15,193)	(44,726)	11,200	8,390	22,544

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Schedule of Segmented Reporting (continued)

(In thousands of dollars)

Year ended December 31, 2024

	Health/Social			Recreation and Culture			Planning and Development			Total		
	2024 Budget \$	2024 Actual \$	2023 Actual \$	2024 Budget \$	2024 Actual \$	2023 Actual \$	2024 Budget \$	2024 Actual \$	2023 Actual \$	2024 Budget \$	2024 Actual \$	2023 Actual \$
Revenues												
Taxation	-	-	-	-	-	-	837	837	1,220	96,686	100,714	94,672
User fees	742	868	765	8,141	10,093	9,258	874	1,514	908	70,276	75,684	66,710
Government grants	50	52	93	228	845	2,792	179	283	1,098	824	3,669	7,740
Other	503	403	491	2,916	3,223	4,332	20	41	99	30,884	68,104	90,681
Government business enterprises	-	-	-	-	-	-	-	-	-	-	18,547	2,847
Gain/(Loss) on disposal of tangible capital assets	-	(64)	(221)	-	(196)	(793)	-	-	-	-	(821)	(38,638)
	1,295	1,259	1,128	11,285	13,965	15,589	1,910	2,675	3,325	198,670	265,897	224,012
Expenses												
Salaries and wages	1,801	1,803	1,644	12,500	12,593	11,374	3,379	3,226	2,686	82,189	80,999	73,654
Materials	374	382	383	10,838	10,594	9,935	234	192	145	27,188	35,667	37,054
Contracted services	260	145	227	2,205	2,171	1,993	1,048	891	1,042	52,662	51,539	45,320
Rents and financial expenses	29	26	31	328	328	318	151	161	621	2,054	1,870	2,388
Interfunctional transfers	343	358	237	614	574	433	19	41	33	-	-	-
External transfers	423	423	622	-	2	-	1,182	961	1,326	6,072	5,795	6,062
Amortization	-	171	173	216	6,139	5,587	-	90	90	216	28,848	27,171
Debt service	-	-	-	1,636	1,625	1,717	-	-	-	2,637	2,736	2,755
	3,230	3,308	3,317	28,337	34,026	31,357	6,013	5,562	5,943	173,018	207,454	194,404
Annual Surplus (Deficit)	(1,935)	(2,049)	(2,189)	(17,052)	(20,061)	(15,768)	(4,103)	(2,887)	(2,618)	25,652	58,443	29,608