



**CRAWFORD  
SMITH &  
SWALLOW**

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

**Consolidated Financial Statements**

**December 31, 2021**



**CRAWFORD  
SMITH &  
SWALLOW**

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

### **Consolidated Financial Statements**

**December 31, 2021**

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#### **Table of Contents**

	<b>Page</b>
Management Report	1
Independent Auditor's Report	2-4
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Cash Flows	7
Consolidated Statement of Change in Net Financial Assets	8
Notes to Consolidated Financial Statements	9-30
Schedule of Segmented Reporting	31-32
Schedules of Tangible Capital Assets	33-34

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

## **MANAGEMENT REPORT**

**December 31, 2021**

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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 Crawford Smith & Swallow, Chartered Professional Accountants 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

November 24, 2023



Jason Burgess

Chief Administrative Officer

November 24, 2023



**CRAWFORD  
SMITH &  
SWALLOW**

Chartered Professional Accountants LLP

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Niagara Falls, Ontario L2E 2M2  
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## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of Council, Inhabitants and Ratepayers of  
the Corporation of the City of Niagara Falls, Ontario

### *Opinion*

We have audited the accompanying consolidated financial statements of the Corporation of the City of Niagara Falls, Ontario, which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the City of Niagara Falls, Ontario as at December 31, 2021, and the results of its operations, cash flows and change in net financial assets 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 Consolidated Financial Statements* section of our 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.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

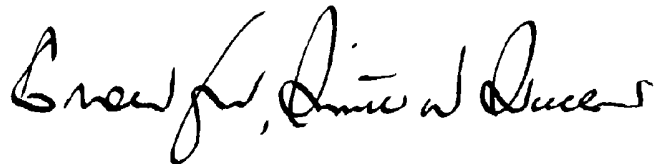
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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.
- e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Niagara Falls, Ontario  
November 24, 2023

A handwritten signature in black ink, appearing to read "Crawford Smith & Swallow". The signature is fluid and cursive, with the first name "Crawford" being the most prominent.

CRAWFORD SMITH & SWALLOW  
CHARTERED PROFESSIONAL ACCOUNTANTS LLP  
LICENSED PUBLIC ACCOUNTANTS

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2021

(In thousands of dollars)

	2021	2020
	\$	\$
<b>Financial Assets - note 8</b>		
Cash - note 3	64,748	55,563
Investments - note 4	119,513	120,102
Taxes receivable - note 5	15,194	22,316
Accounts receivable	20,017	8,797
User fees receivable	5,504	5,863
Long-term receivables - note 6	672	914
Long-term investment - note 7	96,732	94,780
	322,380	308,335
<b>Liabilities</b>		
Accounts payable and accrued liabilities - note 8	29,665	27,915
Deferred revenue - obligatory reserve funds - note 10	55,643	47,098
Deferred revenue - note 11	12,557	13,611
Other liabilities	11,132	9,295
Post-employment benefits - note 12	29,113	29,360
Net long-term liabilities - note 13	70,040	53,037
	208,150	180,316
<b>Net Financial Assets</b>	114,230	128,019
<b>Non-Financial Assets</b>		
Tangible capital assets	851,967	796,516
Inventories and prepaid expenses	3,751	3,458
	855,718	799,974
<b>Accumulated Surplus - note 14</b>	<b>969,948</b>	<b>927,993</b>

**Contingent Liabilities - note 9**

**Contractual Obligations and Commitments - note 16**

Signed on behalf of the Municipality:

 Mayor

 Chief Administrative Officer

See accompanying notes

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

for the year ended December 31, 2021

(In thousands of dollars)

	Budget 2021 \$ note 21	Actual 2021 \$	Actual 2020 \$
<b>Revenue</b>			
Taxation - note 5	81,020	81,936	79,893
User fees	51,765	47,114	48,409
Government of Canada grants	1,380	5,200	2,999
Province of Ontario grants	2,204	8,247	5,751
Other municipal grants	2,785	3,617	7,475
Interest, penalties and fines	2,153	1,731	2,196
Investment income	2,511	1,504	2,252
Casino and gaming revenues	5,895	8,557	3,979
Niagara Falls Hydro Holding Corporation net comprehensive income - note 7		3,393	2,236
Contributions from Obligatory Reserve Funds - note 10		11,688	13,803
Other	10,983	12,707	9,940
Contributed tangible capital assets		40,616	
Loss on disposal of tangible capital assets		(2,727)	(413)
	160,696	223,583	178,520
<b>Expenses</b>			
General government	17,092	25,343	18,538
Protection to persons and property	27,511	30,704	28,593
Transportation services	38,635	56,119	47,064
Environmental services	35,886	36,307	42,902
Health services	2,102	2,266	1,972
Social and family services	890	669	753
Recreation and cultural services	19,599	24,212	23,253
Planning and development	5,572	6,008	5,286
	147,287	181,628	168,361
<b>Annual Surplus</b>	13,409	41,955	10,159
<b>Accumulated Surplus, Beginning of Year</b>	927,993	927,993	917,834
<b>Accumulated Surplus, End of Year</b>	<b>941,402</b>	<b>969,948</b>	<b>927,993</b>

See accompanying notes



# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2021

(In thousands of dollars)

	2021 \$	2020 \$
<b>Operations</b>		
Annual surplus	41,955	10,159
Changes in non-cash assets and liabilities - note 18	7,630	(75,513)
Non-cash charges to operations		
Amortization of tangible capital assets	31,988	28,182
Loss on disposal of tangible capital assets	2,727	413
Contributed tangible capital assets	(40,616)	
Niagara Falls Hydro Holding Corporation net comprehensive income - note 7	(3,393)	(2,236)
Net increase (decrease) in cash from operations	40,291	(38,995)
<b>Capital</b>		
Acquisition of tangible capital assets	(49,550)	(53,761)
<b>Investing</b>		
Dividends received from Niagara Falls Hydro Holding Corporation - note 14(c)	1,441	670
Net increase in cash from investing	1,441	670
<b>Financing</b>		
Long-term debt issued	20,865	8,400
Long-term debt repaid	(3,862)	(3,885)
Net increase in cash from financing	17,003	4,515
<b>Increase (Decrease) in Cash Position</b>	9,185	(87,571)
<b>Cash Position, Beginning of Year</b>	55,563	143,134
<b>Cash Position, End of Year</b>	<b>64,748</b>	<b>55,563</b>

See accompanying notes

**CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL**  
**ASSETS**

for the year ended December 31, 2021  
(In thousands of dollars)

	Budget 2021 \$ note 21	Actual 2021 \$	Actual 2020 \$
<b>Annual Surplus</b>	13,409	41,955	10,159
<b>Acquisition of Tangible Capital Assets</b>	(46,742)	(49,550)	(53,761)
<b>Amortization of Tangible Capital Assets</b>	31,988	31,988	28,182
<b>Loss on Disposal of Tangible Capital Assets</b>	2,727	2,727	413
<b>Contributed Tangible Capital Assets</b>	(40,616)	(40,616)	
<b>Change in Inventories and Prepaid Expenses - note 18</b>		(293)	(382)
<b>Decrease in Net Financial Assets</b>	(39,234)	(13,789)	(15,389)
<b>Net Financial Assets, Beginning of Year</b>	128,019	128,019	143,408
<b>Net Financial Assets, End of Year</b>	<b>88,785</b>	<b>114,230</b>	<b>128,019</b>

See accompanying notes

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

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended December 31, 2021

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### **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

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.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021

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### 1. Significant Accounting Policies - continued

#### (a) Basis of consolidation - continued

##### (ii) Partial-consolidated entity

The following joint local board is proportionately consolidated. See note 19.

Niagara District Airport Commission (Joint Board)

##### (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 2.

##### (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) Basis of accounting

##### (i) Revenue and expenses are reported on the accrual basis of accounting.

##### (ii) 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.

##### (iii) 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.

##### (iv) 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.

##### (v) 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

for the year ended December 31, 2021

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### 1. Significant Accounting Policies - continued

#### (b) Basis of accounting - continued

##### (vi) 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".

<u>Asset Class</u>	<u>Period</u>
General	
Land	- NIL
Land improvements	- 10-60 years
Buildings	- 15-100 years
Furniture and equipment	- 10-25 years
Vehicles	- 6-25 years
Leasehold improvements	- 10-75 years
Infrastructure	
Environmental	- 30-100 years
Roads	- 10-75 years
Water	- 15-100 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.

##### (vi) Inventories

Inventories are valued at average cost.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021

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### 1. Significant Accounting Policies - continued

#### (b) Basis of accounting - continued

##### (vii) Deferred revenue - obligatory reserve funds

Deferred revenue - obligatory reserve funds represents development charge contributions, public purpose, parkland dedication, Provincial Gas Tax, Canada Community Building Fund and Ontario Community Infrastructure Fund, 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.

##### (viii) 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.

##### (ix) 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.

##### (x) 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:

- (1) 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.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021

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### 1. Significant Accounting Policies - continued

#### (b) Basis of accounting - continued

##### (x) Employee future benefits - continued

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.

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.

(2) 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.

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

##### (xi) 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.

##### (xii) 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.

##### (xiii) Other income

Other income is recognized as revenue when service is performed.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021

### 1. Significant Accounting Policies - continued

#### (b) Basis of accounting - continued

##### (xiv) 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 significantly from those estimates.

### 2. Operations of School Boards and the Regional Municipality of Niagara

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

	(in thousands of dollars)		(in thousands of dollars)	
	School Boards		Region	
	2021	2020	2021	2020
	\$	\$	\$	\$
Taxation and user charges	37,741	40,610	93,365	90,392
Payments-in-lieu of taxes	3,307	3,231	4,157	3,871
Amounts received or receivable	41,048	43,841	97,522	94,263
Requisitions	41,048	43,841	97,522	94,263
Overlevies (Underlevies) at the end of year				

### 3. Cash

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

	2021	2020
	\$	\$
Unrestricted	44,421	42,198
Restricted	20,327	13,365
	<b>64,748</b>	<b>55,563</b>



# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021

### 4. Investments

Investments have a book value of \$ 119,512,888 (\$ 120,102,165 - 2020) and a market value of \$ 119,300,541 (\$ 120,394,570 - 2020). Included in investments are guaranteed investment certificates (GICs) with interest rates between 0.85% and 2.16% and mature between March 2022 and August 2023. The GICs are subject to insignificant risk of change in value.

### 5. 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 ratepayers have yet to be heard. The taxes receivable balance, including penalties and interest, are net of an allowance for doubtful accounts of \$ 920,000 (\$ 920,000 - 2020).

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

	(in thousands of dollars)	
	2021 \$	2020 \$
Residential and farm taxation	120,945	116,453
Commercial, industrial and business taxation and supplemental taxes	85,194	87,500
Taxation from other governments	14,367	14,044
	220,506	217,997
Payments to Region and School Boards	138,570	138,104
<b>Net Property Taxes and Payments-in-Lieu Available for Municipal Purposes</b>	<b>81,936</b>	<b>79,893</b>

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021

### 6. Long-Term Receivables

Included in long-term receivables are amounts totaling \$ 662,943 (\$ 851,549 - 2020), which are unsecured with, varying terms of repayment and bearing interest at nil (nil - 2020). In addition, an amount totaling \$ 9,350 (\$ 33,405 - 2020) is unsecured, repayable by December 31, 2022 and bearing interest at 3%.

### 7. Investment in Niagara Falls Hydro Holding Corporation

	(in thousands of dollars)	
	2021	2020
	\$	\$
<b>Statement of Financial Position</b>		
Current assets	50,786	46,400
Capital assets	235,413	212,818
Other assets	37,035	36,888
Regulatory assets	10,326	12,212
<b>Total Assets</b>	<b>333,560</b>	<b>308,318</b>
Current liabilities	37,955	31,674
Other liabilities	69,977	63,879
Long-term debt	95,671	82,107
Non-controlling interest - see below	29,602	28,948
Regulatory liabilities	3,623	6,930
<b>Total Liabilities and Other</b>	<b>236,828</b>	<b>213,538</b>
<b>Net Assets</b>	<b>96,732</b>	<b>94,780</b>
<b>Statement of Comprehensive Income</b>		
Revenue	192,209	211,362
Operating expenses	189,079	209,853
Net income before regulatory accounting change	3,130	1,509
Regulatory debit accounting change under Canadian generally accepted accounting principles	1,422	1,763
Net income before non-controlling interest	4,552	3,272
Non-controlling interest - see below	1,159	1,036
<b>Net Comprehensive Income</b>	<b>3,393</b>	<b>2,236</b>

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.

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

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended December 31, 2021

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#### **7. Investment in Niagara Falls Hydro Holding Corporation - continued**

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.

#### **8. 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 \$ 2,000,000 ("Facility #2") related to commercial cards &/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, 2021, nil (nil - 2020) has been drawn on Facilities #1 and #3 and \$ 199,371 (\$ 172,861 - 2020) 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.

#### **9. Contingent Liabilities**

##### **Legal**

As at December 31, 2021, the Municipality has known legal claims outstanding of approximately \$ 3,350,000. 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, 2021 were settled for a total of \$ 84,059. No provision for claims unsettled and settled have been included in these consolidated financial statements. The Municipalities maximum insurance coverage per claim is \$ 20,000,000.

##### **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

for the year ended December 31, 2021

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#### 9. Contingent Liabilities - continued

##### Visitor Transportation System ("WEGO")

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 for fixed assets and ten years for non-fixed assets of the WEGO system, the Municipality proposes to sell, lease, encumber or use assets in a manner other than described in the agreement or otherwise dispose directly or indirectly, of any part of the fixed or non-fixed assets purchased, constructed, rehabilitated or improved. The Municipality is contingently liable for a proportionate amount of \$ 50,000,000 contributed equally in total by the Government of Canada and the Province of Ontario. For fixed assets, the contingent liability is reduced 4% per annum up to twenty-five years after the date of completion, that being April, 2015. For non-fixed assets, the contingent liability is reduced by 10% per annum up to ten years after the date of completion, that being August, 2012.

##### Capital Grants

With respect to Capital Grants received during the year, the Municipality must notify the Government of Canada and the Province of Ontario in writing, if at any time during a period as specified in the agreements, the Municipality proposes to sell, lease, encumber or use assets in a manner other than described in the agreement or otherwise dispose directly or indirectly, of any part of the fixed or non-fixed assets purchased, constructed, rehabilitated or improved. The amounts the Municipality is contingently liable for are based on a proportionate amount of the funding received. The contingent liability is reduced based on the passage of time as specified in the agreements. The amount of such Capital Grants awarded in the current year is \$ 9,040,250 (\$ 25,416,942 - 2020).

##### 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 \$ 30,600,000 which bears interest at the bank's prime lending rate, payable interest only, monthly and is due January 31, 2022, subsequently extended to January 31, 2023. As at December 31, 2021, the line of credit outstanding is \$ 5,000,000 (\$ 5,000,000 - 2020) 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 (2020 - \$ 12,000,000) of which \$ 11,910,187 (2020 - \$ 11,910,187) has been drawn down. The Independent Electricity System Operator is the beneficiary for \$ 11,910,187 (2020 - \$ 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

for the year ended December 31, 2021

#### 10. 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:

	2020	(in thousands of dollars)		2021
	\$	Externally restricted inflows \$	Revenue earned \$	\$
2% Parkland dedication	1,612	13	(147)	1,478
Public purpose	2,773	1,157	(1,205)	2,725
Canada Community Building fund	14,500	5,743	(4,904)	15,339
Provincial gas tax rebate - transit	2,123	1,618	(602)	3,139
Discounted development charges	7,087	1,744	(1,157)	7,674
Non-discounted development charges	16,659	6,574	(2,290)	20,943
Ontario Community Infrastructure Fund	2,344	3,384	(1,383)	4,345
	<b>47,098</b>	<b>20,233</b>	<b>(11,688)</b>	<b>55,643</b>

#### 11. Deferred Revenue

Deferred revenue includes \$ 4,572,500 related to a thirty year lease for space agreement between the Municipality and Metrolinx as part of the WEGO bus program. The Municipality must notify Metrolinx in writing, if at any time during a period of thirty years from the date of completion for the WEGO bus storage and maintenance facility, the Municipality proposes to sell, lease, encumber or use assets in a manner other than described in the agreement or otherwise dispose directly or indirectly, of any part of the facility constructed, rehabilitated or improved. The Municipality is liable to repay a proportionate amount of \$ 5,900,000 contributed by Metrolinx. The liability is reduced 3.33% per annum up to thirty years after the date of completion, that being April, 2015. Alternatively, Metrolinx has the first right of refusal to purchase the facility at an agreed upon amount.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021

### 12. Post-Employment Benefits

	(in thousands of dollars)	
	2021	2020
	\$	\$
Post-employment benefits	14,106	14,963
Long-term disability	499	412
Accumulated sick leave	3,963	3,700
WSIB - Schedule II future liability	9,453	9,133
Vacation pay	1,092	1,152
	<b>29,113</b>	<b>29,360</b>

#### Post-Employment Benefits

The Municipality pays certain medical, dental and life insurance benefits on behalf of its retired employees. The Municipality recognizes these post-retirement costs in the period in which the employees render the services.

As a result of actuarial valuations on post-employment benefits, it was determined that an actuarial gain of \$ 8,113,437 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 3,778,955. The actual obligation is \$ 10,327,348.

As a result of actuarial valuations on long-term disability benefits, it was determined that an actuarial gain of \$ 2,094 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 2,094. The actual obligation is \$ 496,916.

The liabilities for post-employment benefits as reflected in these consolidated financial statements have been determined on an actuarial basis using a discount rate of 3.50% (3.50% - 2020) and an inflation rate of 1.75% (1.75% - 2020).

A special purpose reserve has been established for the post-employment benefit liability. The balance as at December 31, 2021 is \$ 509,500 (\$ 259,318 - 2020).

#### Accumulated Sick Leave

The Municipality previously allowed for the accumulation of sick days for certain groups of employees hired after specified dates up to an allowable maximum provided in their employment agreements. Accumulated credits could have been used in future years to the extent that the duration of the employee's illness or injury exceeded the current year's allocation of credits. The use of accumulated sick days for sick leave compensation ceases on termination of employment. Effective December 31, 2015, the accumulated sick leave plans that previously existed are no longer available to CUPE employees and replaced by a new non-accumulating sick leave plan. The changes to the Municipality's accumulated sick leave plan resulted in a one-time decrease to the Municipality's obligation of \$ 1,821,663 and a corresponding curtailment gain was reported in the Consolidated Statements of Operations and Accumulated Surplus as at December 31, 2015.

## CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021

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#### 12. Post-Employment Benefits - continued

##### Accumulated Sick Leave - continued

As a result of actuarial valuations on the accumulated sick leave liability, it was determined that an actuarial loss of \$ 2,059,109 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 606,285. The actual obligation is \$ 4,569,213.

A reserve fund has been established for the accumulated sick leave liability. The balance as at December 31, 2021 is \$ 1,477,860 (\$ 1,464,938 - 2020) - see note 14.

The liabilities for accumulated sick leave as reflected in these consolidated financial statements have been determined on an actuarial basis using a discount rate of 3.50% (3.50% - 2020) and an inflation rate of 1.75% (1.75% - 2020).

##### 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 3.50% (3.50% - 2020) and an inflation rate of 1.75% (1.75% - 2020).

As a result of an actuarial valuation on the WSIB - Schedule II liability, it was determined that an actuarial loss of \$ 5,413,419 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 917,077. The actual obligation is \$ 10,369,944.

A reserve fund has been established for this liability. The balance as at December 31, 2021 is \$ 1,403,573 (\$ 1,389,499 - 2020) - see note 14.

The next valuation for all benefit groups is for the year ending December 31, 2022.

##### Vacation Pay

As a result of an actuarial valuation on the accumulated vacation pay liability, it was determined that an actuarial gain of \$ 795,761 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 159,633. The actual obligation is \$ 932,505.

##### 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 500,000 active and retired members and approximately 1,000 employers.

## CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021

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#### 12. Post-Employment Benefits - continued

##### Pension Agreements - continued

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, 2021, the estimated accrued pension obligation for all members of the Plan was \$ 119,342 million (\$ 111,820 million - 2020). The Plan had an actuarial value of net assets at that date of \$ 116,211 million (\$ 108,609 million - 2020) indicating an actuarial deficit of \$ 69 million (\$ 7,655 million - 2020). 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 2021 was \$ 5,450,016 (\$ 5,150,831 - 2020) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

On January 1, 2021, the yearly maximum pension earnings increased to \$ 61,600 from \$ 58,700 in 2020. The contributions are calculated at a rate of 9% (9% - 2020) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (14.6% - 2020) for amounts above the yearly maximum pension earnings.

#### 13. 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)	
	2021	2020
	\$	\$
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 1.75% to 5.35% and outstanding during the year is	70,040	53,037

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# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021

### 13. Net Long-Term Liabilities - continued

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

	\$
2022	4,713,276
2023	4,680,447
2024	4,653,571
2025	4,798,272
2026	4,949,494
Thereafter	46,244,594

- (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 \$ 2,073,266 (\$ 2,080,233 - 2020) are included on the Consolidated Statement of Operations and Accumulated Surplus, classified under the appropriate functional expense heading.

### 14. Accumulated Surplus

	(in thousands of dollars)	
	2021 \$	2020 \$
Invested in tangible capital assets	851,967	796,516
Capital fund	16,301	24,740
Operating fund	7,934	9,241
Reserves and reserve funds	96,167	85,113
Niagara Falls Hydro Holding Corporation net equity	96,732	94,780
	1,069,101	1,010,390
Amount to be recovered - post-employment benefits	(29,113)	(29,360)
Amount to be recovered - net long-term liabilities	(70,040)	(53,037)
	(99,153)	(82,397)
	<b>969,948</b>	<b>927,993</b>

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021

### 14. Accumulated Surplus - continued

#### (a) Operating fund balance

	(in thousands of dollars)	
	2021	2020
	\$	\$
For general reduction of taxation	338	314
For general reduction of user charges respecting waterworks	657	683
For general reduction of user charges respecting wastewater	333	338
For general use by the parking fund	40	40
For general use by the Library Board	426	742
For general use by the Business Improvement Areas and Convention Centre	5,854	6,854
For general use by the Airport Commission	286	270
	<b>7,934</b>	<b>9,241</b>

#### (b) Reserves and reserve fund balances

	(in thousands of dollars)	
	2021	2020
	\$	\$
Reserves set aside by Council for specific purposes:		
Working funds	265	265
Operating special purposes:		
General	13,278	12,443
Water	1,648	1,648
Wastewater	5,688	6,320
Capital special purposes:		
General	15,106	9,393
Water	7,518	5,165
Wastewater	3,111	2,066
Total Reserves	<b>46,614</b>	<b>37,300</b>

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021

### 14. Accumulated Surplus - continued

#### (b) Reserves and reserve fund balances - continued

	(in thousands of dollars)	
	2021	2020
	\$	\$
Reserve Funds set aside by council for specific purposes:		
Branscombe Family Grant	4	4
Capital/Operations - see note 16	7,588	7,508
Coat of Arm's	3	3
Drainage	784	778
Expansion and renewal	288	285
FMC/Visitor Transportation System	3,351	4,026
Future municipal works	768	761
Hospital - note 16	23,252	22,895
Library funds	1,705	1,309
Licence agreements - 40 years	2	2
Lot drainage	202	200
Lundy's Lane business improvement purposes	117	117
Lundy's Lane Museum	5	5
Niagara Tunnel Community Improvement	133	130
Ontario Lottery and Gaming	5,307	3,770
OMCC Grant	385	380
Parking	46	77
Prepaid works projects contributions	252	250
Projects - special needs children	19	19
Recreation trail development	90	89
Sanitary	491	486
Sewer and water impost	1,636	1,622
Sick leave liability - note 12	1,478	1,465
Sidewalk construction	39	39
Sports fund	6	6
Tree planting - developers	81	80
Water patrol boat	15	15
Willoughby museum	102	102
WSIB - Schedule II - note 12	1,404	1,390
Total Reserve Funds	49,553	47,813
Total Reserves and Reserve Funds	96,167	85,113

## CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021

#### 14. Accumulated Surplus - continued

(c) Niagara Falls Hydro Holding Corporation net equity

	(in thousands of dollars)	
	2021	2020
	\$	\$
Balance, beginning of year	94,780	93,214
Net income	3,393	2,236
Dividends - non-controlling interest	(1,441)	(670)
Balance, end of year	<b>96,732</b>	<b>94,780</b>

#### 15. Trust Funds

Trust funds administered by the Municipality amounting to \$ 4,814,181 (\$ 4,511,950 - 2020) 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.

#### 16. Contractual Obligations and Commitments

##### Capital Expenditures

The estimated future capital expenditures based on projects in progress at December 31, 2021 is approximately \$ 71,789,313 (\$ 81,816,111 - 2020) after deducting the expenditures incurred as at December 31, 2021. 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.

##### 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 14b) 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**

for the year ended December 31, 2021

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#### **16. Contractual Obligations and Commitments - continued**

##### **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 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, 2021 is \$ 23,252,427 ((\$ 22,895,141 - 2020) - see note 14b).

#### **17. Subsequent Event**

Subsequent to year-end, the Niagara Falls Transit system that was being operated by the Municipality, amalgamated with the St. Catharines Transit Commission, Welland Transit and Fort Erie Transit systems to form the Niagara Transit Commission (the "Commission"). Effective January 1, 2023, all assets and liabilities of the Municipality associated with operating Transit Services in Niagara Falls were transferred to the Commission whose responsibility now is to provide public transportation services for the entire Niagara Region.

The WEGO service, also known as the Visitor Transportation System (the "VTS"), which also operates within the Municipality, will continue to operate post-amalgamation. The Municipality entered into lease and operations agreements with the Commission to ensure continuity of service for the remainder of the VTS agreement term which ends August 12, 2024.

## CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021

#### 18. Statement of Cash Flows

Changes in cash components include:

	(in thousands of dollars)	
	2021	2020
	\$	\$
Change in investments	589	(83,276)
Change in taxes receivable	7,122	(9,568)
Change in accounts receivable	(11,220)	13,700
Change in user fees receivable	359	247
Change in long-term receivables	242	128
Change in inventories and prepaid expenses	(293)	(382)
Change in accounts payable and accrued liabilities	1,750	694
Change in deferred revenue - obligatory reserve funds	8,545	(158)
Change in deferred revenue	(1,054)	675
Change in other liabilities	1,837	2,816
Change in post-employment benefits	(247)	(389)
	<b>7,630</b>	<b>(75,513)</b>

#### 19. Contributions to Joint Board

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

	(in thousands of dollars)	
	2021	2020
	\$	\$
Niagara District Airport Commission	<b>289</b>	<b>285</b>

The Municipality's share of the net assets of the Niagara District Airport Commission is approximately 36%.

#### 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.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021

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### 20. Segmented Reporting - continued

#### Protection

Reported in this functional area are Fire, Policing for the Casino Districts and Building 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.

#### Transportation

Reported in this functional area are Roads, Parking and Transit 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. The mandate of Transit is to provide a safe, reliable, convenient and efficient public transportation system within the urban area.

#### Environment

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.

#### 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.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021

### 20. Segmented Reporting - continued

#### 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.

### 21. Budget Figures

The consolidated operating budget for the year ended 2021 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 \$
<b>Approved Operating Surplus</b>	-
Add:	
Library operating surplus (before capital, debt and transfers to reserves)	364
Niagara Civic and Convention Centre operating surplus	313
Net transfers to reserves	8,870
Principal repayment of long-term liabilities	3,862
<b>Surplus Reported on the Consolidated Statement of Operations and Accumulated Surplus</b>	<b>13,409</b>



# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## SCHEDULE OF SEGMENTED REPORTING

for the year ended December 31, 2021

(In thousands of dollars)

	General Government 2021 Budget \$	General Government 2021 Actual \$	General Government 2020 Actual \$	Protection 2021 Budget \$	Protection 2021 Actual \$	Protection 2020 Actual \$	Transportation 2021 Budget \$	Transportation 2021 Actual \$	Transportation 2020 Actual \$	Environment 2021 Budget \$	Environment 2021 Actual \$	Environment 2020 Actual \$
<b>Revenue</b>												
Taxation	80,294	81,210	78,756	-	-	-	-	-	-	-	-	-
User fees and charges	341	374	294	129	137	181	1,903	1,639	1,572	45,306	41,930	42,532
Government grants	1,088	1,199	3,913	-	332	845	3,436	10,284	6,780	-	1,998	1,211
Other	12,753	14,507	10,523	1,615	1,887	1,931	4,089	28,400	10,178	337	26,913	6,292
Government business enterprise	-	3,393	2,236	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of tangible capital assets	-	(1,070)	(33)	-	1	-	-	(603)	(161)	-	(304)	(167)
	94,476	99,613	95,689	1,744	2,357	2,957	9,428	39,720	18,369	45,643	70,537	49,868
<b>Expenditures</b>												
Salaries and wages	12,233	11,595	11,076	23,151	24,955	22,741	21,927	20,271	18,927	4,901	4,729	4,401
Operating materials and supplies	5,813	11,441	8,270	1,793	630	873	7,923	11,117	7,438	1,502	1,442	1,341
Contracted services	1,590	2,413	2,102	1,001	2,312	2,101	5,759	8,760	5,591	28,175	19,697	27,560
Rents and financial expenses	301	129	101	197	191	340	330	474	635	370	278	243
Interfunctional transfer	(5,349)	(5,642)	(5,619)	1,360	1,361	1,436	2,679	2,820	2,725	690	794	649
External transfer	2,426	1,950	1,424	-	-	9	-	-	-	-	-	-
Amortization	-	3,376	1,099	-	1,240	1,071	-	12,658	11,729	-	9,119	8,427
Debt service	78	81	85	9	15	22	17	19	19	248	248	281
	17,092	25,343	18,538	27,511	30,704	28,593	38,635	56,119	47,064	35,886	36,307	42,902
<b>Annual Surplus (Deficit)</b>	<b>77,384</b>	<b>74,270</b>	<b>77,151</b>	<b>(25,767)</b>	<b>(28,347)</b>	<b>(25,636)</b>	<b>(29,207)</b>	<b>(16,399)</b>	<b>(28,695)</b>	<b>9,757</b>	<b>34,230</b>	<b>6,966</b>

See accompanying notes

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## SCHEDULE OF SEGMENTED REPORTING

for the year ended December 31, 2021

(In thousands of dollars)

	Health/ Social 2021 Budget \$	Health/ Social 2021 Actual \$	Health/ Social 2020 Actual \$	Recreation/ Culture 2021 Budget \$	Recreation/ Culture 2021 Actual \$	Recreation/ Culture 2020 Actual \$	Planning/ Development 2021 Budget \$	Planning/ Development 2021 Actual \$	Planning/ Development 2020 Actual \$	Total 2021 Budget \$	Total 2021 Actual \$	Total 2020 Actual \$
<b>Revenue</b>												
Taxation	-	-	-	-	-	-	726	726	1,137	81,020	81,936	79,893
User fees and charges	524	554	535	3,070	1,875	2,741	492	605	554	51,765	47,114	48,409
Government grants	43	86	59	203	1,608	2,427	1,599	1,557	990	6,369	17,064	16,225
Other	479	849	564	1,456	2,858	2,454	813	1,389	228	21,542	76,803	32,170
Government business enterprise	-	-	-	-	-	-	-	-	-	-	3,393	2,236
Gain (loss) on disposal of tangible capital assets	-	(31)	(50)	-	(720)	-	-	-	(2)	-	(2,727)	(413)
	1,046	1,458	1,108	4,729	5,621	7,622	3,630	4,277	2,907	160,696	223,583	178,520
<b>Expenditures</b>												
Salaries and wages	1,722	1,548	1,523	9,921	9,082	8,328	2,159	2,243	2,048	76,014	74,423	69,044
Operating materials and supplies	353	238	86	5,954	5,918	5,660	251	245	289	23,589	31,031	23,957
Contracted services	615	625	564	1,324	1,440	1,144	1,209	767	660	39,673	36,014	39,722
Rents and financial expenses	38	50	76	303	284	262	80	123	149	1,619	1,529	1,806
Interfunctional transfer	214	235	252	390	412	537	16	20	20	-	-	-
External transfer	50	50	50	-	-	-	1,857	2,570	2,087	4,333	4,570	3,570
Amortization	-	189	174	-	5,366	5,649	-	40	33	-	31,988	28,182
Debt service	-	-	-	1,707	1,710	1,673	-	-	-	2,059	2,073	2,080
	2,992	2,935	2,725	19,599	24,212	23,253	5,572	6,008	5,286	147,287	181,628	168,361
<b>Annual Surplus (Deficit)</b>	<b>(1,946)</b>	<b>(1,477)</b>	<b>(1,617)</b>	<b>(14,870)</b>	<b>(18,591)</b>	<b>(15,631)</b>	<b>(1,942)</b>	<b>(1,731)</b>	<b>(2,379)</b>	<b>13,409</b>	<b>41,955</b>	<b>10,159</b>

See accompanying notes

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## SCHEDULES OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2021

(In thousands of dollars)

	Cost			Accumulated Amortization					
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, Beginning of Year	Amortization	Disposals	Balance, End of Year	Net Book Value
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>2021</b>									
<b>General</b>									
Land	25,713	4,490	9	30,194					30,194
Land improvements	38,113	5,717	342	43,488	12,658	1,643	278	14,023	29,465
Buildings	186,537	12,324	2,571	196,290	46,080	6,190	1,192	51,078	145,212
Furniture and equipment	42,739	3,067	935	44,871	26,197	3,688	913	28,972	15,899
Vehicles	71,869	11,468	2,662	80,675	45,745	5,719	2,537	48,927	31,748
Leasehold Improvements	524	120		644	69	29		98	546
	365,495	37,186	6,519	396,162	130,749	17,269	4,920	143,098	253,064
<b>Infrastructure</b>									
Environmental	481,433	32,716	825	513,324	185,022	6,567	298	191,291	322,033
Roads	252,534	22,643	2,096	273,081	124,290	5,789	1,603	128,476	144,605
Water	147,384	14,514	639	161,259	52,462	2,363	530	54,295	106,964
	881,351	69,873	3,560	947,664	361,774	14,719	2,431	374,062	573,602
<b>Work in Progress</b>	42,193	20	16,912	25,301					25,301
	<b>1,289,039</b>	<b>107,079</b>	<b>26,991</b>	<b>1,369,127</b>	<b>492,523</b>	<b>31,988</b>	<b>7,351</b>	<b>517,160</b>	<b>851,967</b>

See accompanying notes

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## SCHEDULES OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2021

(In thousands of dollars)

	Cost			Accumulated Amortization					
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, Beginning of Year	Amortization	Disposals	Balance, End of Year	Net Book Value
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>2020</b>									
<b>General</b>									
Land	24,783	963	33	25,713					25,713
Land improvements	34,748	3,577	212	38,113	11,398	1,472	212	12,658	25,455
Buildings	185,864	750	77	186,537	42,130	3,962	12	46,080	140,457
Furniture and equipment	41,128	2,096	485	42,739	22,759	3,919	481	26,197	16,542
Vehicles	67,496	6,204	1,831	71,869	42,510	5,046	1,811	45,745	26,124
Leasehold Improvements	524			524	43	26		69	455
	354,543	13,590	2,638	365,495	118,840	14,425	2,516	130,749	234,746
<b>Infrastructure</b>									
Environmental	476,847	4,793	207	481,433	178,865	6,290	133	185,022	296,411
Roads	247,079	6,105	650	252,534	119,322	5,494	526	124,290	128,244
Water	137,536	10,133	285	147,384	50,681	1,973	192	52,462	94,922
	861,462	21,031	1,142	881,351	348,868	13,757	851	361,774	519,577
<b>Work in Progress</b>	23,053	25,250	6,110	42,193					42,193
	<b>1,239,058</b>	<b>59,871</b>	<b>9,890</b>	<b>1,289,039</b>	<b>467,708</b>	<b>28,182</b>	<b>3,367</b>	<b>492,523</b>	<b>796,516</b>

See accompanying notes