



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

**Consolidated Financial Statements**

**December 31, 2018**



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

### **Consolidated Financial Statements**

**December 31, 2018**

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

**December 31, 2018**

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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 auditors 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 Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Jim Diodati  
Mayor  
July 22, 2021



Alex Herlovitch  
Acting Chief Administrative Officer  
July 22, 2021



**CRAWFORD  
SMITH &  
SWALLOW**

Chartered Professional Accountants LLP

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Niagara Falls, Ontario L2E 2M2  
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## **INDEPENDENT AUDITORS' 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, 2018, 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, 2018, and the results of its operations, cash flows and changes 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 *Auditors' 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.

#### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

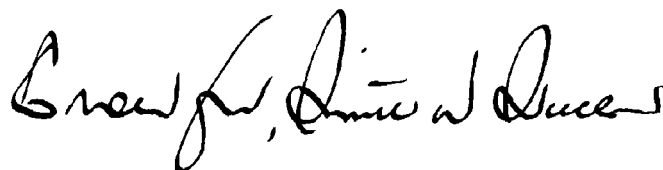
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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 auditors' 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 auditors' 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.

A handwritten signature in black ink, appearing to read "Crawford, Smith & Swallow". The signature is written in a cursive, flowing style.

Niagara Falls, Ontario  
July 22, 2021

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, 2018

(In thousands of dollars)

	2018 \$	2017 \$
<b>Financial Assets - note 6</b>		
Cash	106,412	100,553
Investments - note 3	28,388	34,141
Taxes receivable - note 4	12,713	11,186
Accounts receivable	16,928	14,626
User fees receivable	5,473	5,493
Long-term receivables	1,492	2,370
Note receivable - note 5	22,000	22,000
Long-term investment - note 5	92,251	89,976
	<b>285,657</b>	<b>280,345</b>
<b>Contingent Liabilities - note 7</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	24,692	29,780
Deferred revenue - obligatory reserve funds - note 8	43,524	36,934
Deferred revenue - note 9	12,724	12,434
Other liabilities	4,574	4,769
Post-employment benefits - note 10	32,261	31,589
Net long-term liabilities - note 11	48,177	51,813
	<b>165,952</b>	<b>167,319</b>
<b>Net Financial Assets</b>	<b>119,705</b>	<b>113,026</b>
<b>Non-Financial Assets</b>		
Tangible capital assets	754,451	726,419
Inventories and prepaid expenses	2,889	2,854
	<b>757,340</b>	<b>729,273</b>
<b>Accumulated Surplus - notes 12</b>	<b>877,045</b>	<b>842,299</b>

Signed on behalf of the Municipality:

 Mayor

 Acting 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, 2018  
(In thousands of dollars)

	Budget 2018 \$ note 18	Actual 2018 \$	Actual 2017 \$
<b>Revenue</b>			
Taxation - note 4	75,454	77,506	73,955
User fees	53,583	55,368	55,716
Government of Canada grants	2	2,567	112
Province of Ontario grants	2,816	6,660	3,078
Other municipal grants	1,209	4,299	2,624
Interest, penalties and fines	2,405	2,639	2,628
Investment income	2,790	2,977	2,619
Casino and gaming revenues	21,000	24,813	26,332
Niagara Falls Hydro Holding Corporation net income - note 5		2,275	1,639
Contributions from Obligatory Reserve Funds		3,274	8,951
Other	10,314	10,477	33,390
Contributed tangible capital assets		17,985	383
Loss on disposal of tangible capital assets		(2,391)	(261)
	169,573	208,449	211,166
<b>Expenses</b>			
General government	12,940	13,927	13,826
Protection to persons and property	29,488	29,800	28,514
Transportation services	35,127	57,860	51,132
Environmental services	34,915	36,485	42,105
Health services	1,989	1,957	27,501
Social and family services	960	1,022	1,074
Recreation and cultural services	21,194	25,650	25,328
Planning and development	5,639	7,002	6,548
	142,252	173,703	196,028
<b>Annual Surplus</b>	27,321	34,746	15,138
<b>Accumulated Surplus, Beginning of Year</b>	842,299	842,299	827,161
<b>Accumulated Surplus, End of Year</b>	<b>869,620</b>	<b>877,045</b>	<b>842,299</b>

See accompanying notes



# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2018

(In thousands of dollars)

	2018	2017
	\$	\$
<b>Operations</b>		
Annual surplus	34,746	15,138
Changes in non-cash assets and liabilities - note 15	5,056	9,637
Non-cash charges to operations		
Amortization of tangible capital assets	26,228	24,636
Loss on disposal of tangible capital assets	2,391	261
Niagara Falls Hydro Holding Corporation net income - note 5	(2,275)	(1,639)
Net increase in cash from operations	66,146	48,033
<b>Capital</b>		
Proceeds on disposal of tangible capital assets	19	213
Acquisition of tangible capital assets	(56,670)	(42,936)
Net decrease in cash from capital	(56,651)	(42,723)
<b>Investing</b>		
Dividends received from Niagara Falls Hydro Holding Corporation		522
<b>Financing</b>		
Long-term debt issued		1,105
Long-term debt repaid	(3,636)	(3,772)
Net decrease in cash from financing	(3,636)	(2,667)
<b>Increase in Cash Position</b>	5,859	3,165
<b>Cash Position, Beginning of Year</b>	100,553	97,388
<b>Cash Position, End of Year</b>	<b>106,412</b>	<b>100,553</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, 2018  
(In thousands of dollars)

	2018	2017
	\$	\$
<b>Annual Surplus</b>	34,746	15,138
<b>Acquisition of Tangible Capital Assets</b>	(56,670)	(42,936)
<b>Amortization of Tangible Capital Assets</b>	26,228	24,636
<b>Proceeds on Disposal of Tangible Capital Assets</b>	19	213
<b>Loss on Disposal of Tangible Capital Assets</b>	2,391	261
<b>Change in Inventories and Prepaid Expenses - note 15</b>	(35)	265
<b>Increase (Decrease) in Net Financial Assets</b>	6,679	(2,423)
<b>Net Financial Assets, Beginning of Year</b>	113,026	115,449
<b>Net Financial Assets, End of Year</b>	<b>119,705</b>	<b>113,026</b>

See accompanying notes

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2018

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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 (note 18).

#### (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, 2018

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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 16.

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) 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.

##### (v) 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.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2018

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### 1. Significant Accounting Policies - continued

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

##### (v) Tangible capital assets - continued

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 Assets	
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.

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

Deferred revenue - obligatory reserve funds represents development charge contributions, public purpose, parkland dedication and gas taxes, 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. These amounts will be recognized as revenue in the fiscal year the services are performed.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2018

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### 1. Significant Accounting Policies - continued

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

##### (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.

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

for the year ended December 31, 2018

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### 1. Significant Accounting Policies - continued

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

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

(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.

##### (xiv) Use of estimates

The preparation of the 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 financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant estimates include assumptions used in estimation of provisions for accrued liabilities and in performing actuarial valuations of post-employment benefits liability. Actual results could differ from those estimates.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2018

### 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) School Boards		(in thousands of dollars) Region	
	2018 \$	2017 \$	2018 \$	2017 \$
Taxation and user charges	40,483	39,222	80,304	76,309
Payments-in-lieu of taxes			3,714	3,762
Amounts received or receivable	40,483	39,222	84,018	80,071
Requisitions	40,483	39,222	84,018	80,071
Overlevies (Underlevies) at the end of year				

### 3. Investments

Investments have a book value of \$ 28,387,692 (\$ 34,140,859 - 2017) and a market value of \$ 28,387,692 (\$ 34,140,859 - 2017).

### 4. 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.

Assessment 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.



# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2018

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### 4. Taxes Receivable and Revenues - continued

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 - 2017)

The Province of Ontario instituted a mandatory capping program through the provisions of Bill 79, which limited assessment related increases to 10% in 1998, and an additional 5% in each of 1999 and 2000. Multi-residential, commercial and industrial property owners experiencing decreases were also capped at appropriate levels to fund the phasing-in of increases. In accordance with the terms and provisions of Ontario Regulation 73/03 and 75/03 as made and amended under the Municipal Act, 2001, the Niagara Region passed a by-law (2019-44) ending the application of Part IX of the Act for the multi-residential property class in 2017 and phasing out the industrial and commercial property class in 2016, 2017 and 2018 respectively.

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

	(in thousands of dollars)	
	2018	2017
	\$	\$
Residential and farm taxation	104,997	100,627
Commercial, industrial and business taxation and supplemental taxes	86,392	81,891
Taxation from other governments	10,618	10,730
	<hr/>	<hr/>
Payments to Region and School Boards	202,007	193,248
	<hr/>	<hr/>
<b>Net Property Taxes and Payments-in-Lieu Available for Municipal Purposes</b>	<b>77,506</b>	<b>73,955</b>

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# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2018

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

	(in thousands of dollars)	
	2018	2017
	\$	\$
<b>Statement of Financial Position</b>		
Current assets	44,217	54,309
Capital assets	194,744	187,112
Other assets	29,599	30,560
Regulatory assets	9,590	9,176
<b>Total Assets</b>	<b>278,150</b>	<b>281,157</b>
Current liabilities	41,748	45,330
Other liabilities	47,118	44,323
Note payable - see below	22,000	22,000
Long-term debt	40,338	41,461
Non-controlling interest - see below	28,053	27,349
Regulatory liabilities	6,642	10,718
<b>Total Liabilities and Other</b>	<b>185,899</b>	<b>191,181</b>
<b>Net Assets</b>	<b>92,251</b>	<b>89,976</b>
<b>Statement of Comprehensive Income</b>		
Revenue	175,294	183,736
Operating expenses	176,308	183,877
Net loss before regulatory accounting change	(1,014)	(141)
Regulatory debit accounting change under CGAAP	4,489	2,646
Net income before non-controlling interest	3,475	2,505
Non-controlling interest - see below	1,245	866
Net income	2,230	1,639
Adjustment on acquisition - see below	45	
<b>Total Comprehensive Income</b>	<b>2,275</b>	<b>1,639</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.

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.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2018

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### 5. Investment in Niagara Falls Hydro Holding Corporation - continued

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.

The \$ 22,000,000 note payable was unsecured bearing interest at 4.77% and due April, 2020. On July 23, 2019, the Municipality served notice to NPEI that the note payable was due on or before August 1, 2019. The Municipality received payment in full on August 6, 2019.

### 6. 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, 2018, nil has been drawn on Facilities #1, #2 and #3. All credit facilities are secured by a borrowing by-law/resolution(s) containing a pledge of revenue and a general security agreement.

### 7. Contingent Liabilities

#### Legal

As at December 31, 2018, the Municipality has certain legal claims outstanding. It is management's assertion that adequate defences and insurance coverages are in effect for the settlement of these claims, if necessary.

#### Niagara Convention & Civic Centre Inc. ("Scotiabank 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 Scotiabank Convention Centre, that being April 2011, the Municipality proposes to sell, lease, encumber or otherwise dispose directly or indirectly, of any part of the Scotiabank 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, 2018

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### 7. 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.

#### Niagara Falls Hydro Holding Corporation

The Municipality has guaranteed a non-revolving line of credit in the amount of \$ 10,750,000 of Niagara Falls Hydro Holding Corporation.

### 8. 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)	
	2018	2017
	\$	\$
2% Parkland dedication	1,487	1,388
Public purpose	1,449	1,255
Federal gas tax rebate	12,476	10,625
Provincial gas tax rebate - transit	1,272	620
Discounted development charges	5,988	5,295
Non-discounted development charges	20,852	17,751
	<b>43,524</b>	<b>36,934</b>

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# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2018

### 9. Deferred Revenue

Deferred revenue includes \$ 5,162,500 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.

### 10. Post-Employment Benefits

	(in thousands of dollars)	
	2018	2017
	\$	\$
Post-employment benefits	19,998	19,903
Long-term disability	301	272
Accumulated sick leave	3,443	3,244
WSIB - Schedule II future liability	7,238	6,818
Vacation pay	1,281	1,352
	<b>32,261</b>	<b>31,589</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 \$ 4,491,985 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 4,021,071. The actual obligation is \$ 15,977,437.

As a result of actuarial valuations on long-term disability benefits, it was determined that an actuarial loss of \$ 316,889 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 181,855. The actual obligation is \$ 482,809.

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 4.25% (4.25% - 2017) and an inflation rate of 1.75% (1.75% - 2017).

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2018

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### 10. Post-Employment Benefits - continued

#### 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.

As a result of actuarial valuations on the accumulated sick leave liability, it was determined that an actuarial loss of \$ 1,111,980 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 680,471. The actual obligation is \$ 4,123,113.

A reserve fund has been established for the accumulated sick leave liability. The balance as at December 31, 2018 is \$ 1,409,218 (\$ 1,390,606 - 2017) - see note 12.

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 4.25% (4.25% - 2017) and an inflation rate of 1.75% (1.75% - 2017).

#### 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 3.75% (3.75% - 2017) and an inflation rate of 1.75% (1.75% - 2017).

As a result of an actuarial valuation on the WSIB - Schedule II liability, it was determined that an actuarial loss of \$ 3,692,304 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 2,367,184. The actual obligation is \$ 9,604,943.

A reserve fund has been established for this liability. The balance as at December 31, 2018 is \$ 1,335,720 (\$ 1,315,624 - 2017) - see note 12.

The next valuation for all benefit groups is for the year ending December 31, 2020.

#### Vacation Pay

As a result of an actuarial valuation on the accumulated vacation pay liability, it was determined that an actuarial gain of \$ 569,406 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 424,988. The actual obligation is \$ 956,265.



# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2018

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

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

	\$
2019	3,754,195
2020	3,513,209
2021	3,135,163
2022	2,804,440
2023	2,727,034
Thereafter	32,242,552

- (c) The 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 \$ 2,260,649 (\$ 2,430,743 - 2017) are included on the Consolidated Statement of Operations and Accumulated Surplus, classified under the appropriate functional expense heading.

### 12. Accumulated Surplus

	(in thousands of dollars)	
	2018	2017
	\$	\$
Invested in tangible capital assets	749,259	721,533
Operating fund	8,658	5,838
Reserves and reserve funds	85,315	86,354
Niagara Falls Hydro Holding Corporation net equity	114,251	111,976
	957,483	925,701
Amount to be recovered - post-employment benefits	(32,261)	(31,589)
Amount to be recovered - net long-term liabilities	(48,177)	(51,813)
	(80,438)	(83,402)
	<b>877,045</b>	<b>842,299</b>

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# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2018

### 12. Accumulated Surplus - continued

#### (a) Operating fund balance

	(in thousands of dollars)	
	2018	2017
	\$	\$
For general reduction of taxation	(154)	(2,582)
For general reduction of user charges respecting waterworks	1,006	1,026
For general reduction of user charges respecting wastewater	1,810	1,876
For general use by the parking fund	17	16
For general use by the Library Board	272	160
For general use by the Business Improvement Areas and Convention Centre	5,459	5,100
For general use by the Airport Commission	248	242
	<b>8,658</b>	<b>5,838</b>

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

	(in thousands of dollars)	
	2018	2017
	\$	\$
Reserves set aside by council for specific purposes:		
Working funds	265	265
Operating special purposes:		
Special purposes	12,501	31,780
Water	2,151	1,851
Wastewater	6,549	5,129
Capital special purposes:		
General	30,413	14,372
Water	6,768	7,239
Wastewater	5,220	5,946
Total Reserves	<b>63,867</b>	<b>66,582</b>

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2018

### 12. Accumulated Surplus - continued

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

	(in thousands of dollars)	
	2018	2017
	\$	\$
Reserve Funds set aside by council for specific purposes:		
Licence agreements - 40 years	2	6
Sick leave liability - note 10	1,409	1,391
WSIB - Schedule II - note 10	1,336	1,316
Recreation trail development	86	85
Capital/Operations - see note 14	7,530	6,423
Tree planting - developers	77	76
Sewer and water impost	1,560	1,543
Expansion and renewal	275	271
Drainage	748	738
Prepaid works projects contributions	240	237
Sidewalk construction	38	37
Future municipal works	732	723
Lot drainage	192	190
Library funds	1,609	1,606
Sanitary	468	462
Sports fund	6	5
Projects - special needs children	18	17
Parking	122	122
Coat of Arm's	3	2
Lundy's Lane business improvement purposes	117	117
Board of Museum purposes	4	4
Niagara Tunnel Community Improvement	481	524
Water patrol boat	14	20
Branscombe Family Grant	4	4
OMCC Grant	366	
Willoughby museum	98	
Chippawa Arena debenture surplus		1
FMC/Visitor Transportation System	3,894	3,819
Kalar Park turf debenture surplus	19	33
<b>Total Reserve Funds</b>	<b>21,448</b>	<b>19,772</b>
<b>Total Reserves and Reserve Funds</b>	<b>85,315</b>	<b>86,354</b>

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2018

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### 12. Accumulated Surplus - continued

(c) Niagara Falls Hydro Holding Corporation net equity

	(in thousands of dollars)	
	2018	2017
	\$	\$
Balance, beginning of year	111,976	110,859
Net income	2,230	1,639
Dividends - non-controlling interest		(522)
Acquisition	45	
Balance, end of year	<b>114,251</b>	<b>111,976</b>

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### 13. Trust Funds

Trust funds administered by the Municipality amounting to \$ 4,130,734 (\$ 3,941,371 - 2017) 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.

### 14. Contractual Obligations and Commitments

#### Capital Expenditures

The estimated future capital expenditures based on projects in progress at December 31, 2018 is approximately \$ 47,436,455 (\$ 47,939,096 - 2017) after deducting the expenditures incurred as at December 31, 2018. These projects will be financed by grants, subsidies, reserves, transfer from operations and reserves and 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 2021. 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 2021. The Municipality has set aside a reserve fund (Capital/Operations) 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 2021.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2018

### 14. 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, Pelham, Port Colborne, Thorold, Wainfleet and Welland, are required to contribute approximately \$ 35 million to \$ 45 million toward the total local share contribution of \$ 212 million. At this time, it is uncertain how the total local share contribution will be allocated between the six southern tier municipalities. Past construction budget discussions related to the Project resulted in an estimated amount of \$ 22 million to be contributed by the Municipality.

### 15. Statement of Cash Flows

Changes in cash components include:

	(in thousands of dollars)	
	2018	2017
	\$	\$
Change in investments	5,753	(2,540)
Change in taxes receivable	(1,527)	658
Change in accounts receivable	(2,302)	2,532
Change in user fees	20	(214)
Change in long-term receivables	878	70
Change in inventories and prepaid expenses	(35)	265
Change in accounts payable and accrued liabilities	(5,088)	6,353
Change in deferred revenue - obligatory reserve funds	6,590	(85)
Change in deferred revenue	290	(1,121)
Change in other liabilities	(195)	1,799
Change in post-employment benefits	672	1,920
	<b>5,056</b>	<b>9,637</b>

### 16. Contributions to Joint Board

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

	(in thousands of dollars)	
	2018	2017
	\$	\$
Niagara District Airport Commission	<b>260</b>	<b>255</b>

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

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2018

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### 17. 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 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 Coronation 50 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 50 and over in the Municipality. It strives to contribute to the social, educational and recreational needs by offering programs and services in a safe and comfortable environment.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2018

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### 17. Segmented Reporting - continued

#### Recreation and Culture

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

#### Planning and Development

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

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements. See note 18 for a discussion on the budgeted figures provided.

### 18. Budget Figures

The consolidated operating budget for the year ended 2018 includes the budgets approved by the Municipality, several boards and municipal enterprises and is reflected on the Consolidated Statement of Operations and Accumulated Surplus. These numbers have not been audited but are presented for information purposes only. The budgets established for capital funds, reserves and reserve funds are on a project-oriented basis, the costs of which may be carried out over one or more years. As such, they are not directly comparable with current year actual amounts and have not been reflected. Budget figures have been reclassified to comply with PSAB reporting requirements.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2018

### 18. Budget Figures - continued

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

	(in thousands of dollars)
	Budget \$
<b>Approved Operating Surplus</b>	-
Add:	
Library operating surplus (before capital, debt and transfers to reserves)	375
Niagara Civic and Convention Centre operating surplus	1,134
Net transfers to reserves	22,448
Principal repayment of long-term liabilities	3,636
Less:	
Net transfers of indirect costs	(272)
<b>Surplus Reported on the Consolidated Statement of Operations and Accumulated Surplus</b>	<b>27,321</b>

### 19. Impact of COVID-19 Pandemic

Effective March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Municipality's operations and financial position is not known at this time. These impacts could include a decline in future cash flows and changes to the value of assets and liabilities. In order to mitigate risk, the Municipality continues to actively monitor and assess the impact on its operating activities and services.

### 20. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## SCHEDULE OF SEGMENTED REPORTING

for the year ended December 31, 2018

(In thousands of dollars)

	General Government 2018 Budget \$	General Government 2018 Actual \$	General Government 2017 Actual \$	Protection 2018 Budget \$	Protection 2018 Actual \$	Protection 2017 Actual \$	Transportation 2018 Budget \$	Transportation 2018 Actual \$	Transportation 2017 Actual \$	Environment 2018 Budget \$	Environment 2018 Actual \$	Environment 2017 Actual \$
<b>Revenue</b>												
Taxation	73,176	75,228	71,626	-	-	-	-	-	-	-	-	-
User fees and charges	332	469	432	86	155	205	3,480	3,413	3,353	42,574	43,355	42,650
Government grants	2,319	3,166	2,793	-	-	-	1,268	6,027	1,963	-	3,626	363
Other	27,214	30,937	48,898	1,813	1,747	2,249	4,193	15,257	12,904	407	11,357	7,074
Government business enterprise	-	2,275	1,639	-	-	-	-	-	-	-	-	-
Loss on disposal of tangible capital assets	-	(212)	(39)	-	(789)	(71)	-	(447)	(25)	-	(608)	(95)
	103,041	111,863	125,349	1,899	1,113	2,383	8,941	24,250	18,195	42,981	57,730	49,992
<b>Expenditures</b>												
Salaries and wages	10,984	10,665	10,319	21,059	20,744	20,492	20,114	20,314	19,823	4,160	4,020	4,081
Operating materials and supplies	5,629	5,265	5,422	1,655	1,153	272	7,713	14,457	11,085	1,406	1,494	1,402
Contracted services	1,208	1,535	1,321	4,938	4,979	4,934	4,653	9,927	7,981	28,132	22,315	28,221
Rents and financial expenses	166	253	345	259	247	199	232	249	184	313	120	158
Interfunctional transfer	(5,075)	(4,955)	(4,497)	1,514	1,393	1,349	2,383	2,432	1,930	543	563	503
External transfer	28	73	40	-	-	-	-	-	-	-	-	-
Amortization	-	1,091	876	-	1,228	1,190	-	10,464	10,081	-	7,622	7,354
Debt service	-	-	-	63	56	78	32	17	48	361	351	386
	12,940	13,927	13,826	29,488	29,800	28,514	35,127	57,860	51,132	34,915	36,485	42,105
<b>Annual Surplus (Deficit)</b>	<b>90,101</b>	<b>97,936</b>	<b>111,523</b>	<b>(27,589)</b>	<b>(28,687)</b>	<b>(26,131)</b>	<b>(26,186)</b>	<b>(33,610)</b>	<b>(32,937)</b>	<b>8,066</b>	<b>21,245</b>	<b>7,887</b>

See accompanying notes



# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## SCHEDULE OF SEGMENTED REPORTING

for the year ended December 31, 2018

(In thousands of dollars)

	Health/ Social 2018 Budget \$	Health/ Social 2018 Actual \$	Health/ Social 2017 Actual \$	Recreation/ Culture 2018 Budget \$	Recreation/ Culture 2018 Actual \$	Recreation/ Culture 2017 Actual \$	Planning/ Development 2018 Budget \$	Planning/ Development 2018 Actual \$	Planning/ Development 2017 Actual \$	Total 2018 Budget \$	Total 2018 Actual \$	Total 2017 Actual \$
<b>Revenue</b>												
Taxation	-	-	-	-	-	-	2,278	2,278	2,329	75,454	77,506	73,955
User fees and charges	538	631	643	6,099	6,798	7,899	474	547	534	53,583	55,368	55,716
Government grants	43	99	73	216	284	364	181	323	258	4,027	13,525	5,814
Other	406	417	679	2,449	2,237	2,440	27	214	59	36,509	62,166	74,303
Government business enterprise	-	-	-	-	-	-	-	-	-	-	2,275	1,639
Loss on disposal of tangible capital assets	-	(7)	-	-	(319)	(21)	-	(9)	(10)	-	(2,391)	(261)
	987	1,140	1,395	8,764	9,000	10,682	2,960	3,353	3,170	169,573	208,449	211,166
<b>Expenditures</b>												
Salaries and wages	1,747	1,623	1,670	9,208	8,977	8,596	2,010	2,028	1,991	69,282	68,371	66,972
Operating materials and supplies	325	344	325	8,252	7,031	7,981	187	217	112	25,167	29,961	26,599
Contracted services	554	599	557	1,237	1,305	1,140	853	1,592	1,402	41,575	42,252	45,556
Rents and financial expenses	38	38	30	248	249	199	292	306	140	1,548	1,462	1,255
Interfunctional transfer	235	185	165	381	365	529	19	17	21	-	-	-
External transfer	50	50	25,710	3	253	9	2,278	2,793	2,821	2,359	3,169	28,580
Amortization	-	140	118	-	5,634	4,956	-	49	61	-	26,228	24,636
Debt service	-	-	-	1,865	1,836	1,918	-	-	-	2,321	2,260	2,430
	2,949	2,979	28,575	21,194	25,650	25,328	5,639	7,002	6,548	142,252	173,703	196,028
<b>Annual Surplus (Deficit)</b>	<b>(1,962)</b>	<b>(1,839)</b>	<b>(27,180)</b>	<b>(12,430)</b>	<b>(16,650)</b>	<b>(14,646)</b>	<b>(2,679)</b>	<b>(3,649)</b>	<b>(3,378)</b>	<b>27,321</b>	<b>34,746</b>	<b>15,138</b>

See accompanying notes

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## SCHEDULES OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2018

(In thousands of dollars)

	Cost			Accumulated Amortization				Net Book Value
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, Beginning of Year	Amortization	Disposals	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>2018</b>								
<b>General</b>								
Land	22,038	2,822	77	24,783				24,783
Land improvements	26,608	4,429	158	30,879	9,008	1,356	153	20,668
Buildings	177,891	4,226	847	181,270	34,750	3,850	361	143,031
Furniture and equipment	37,882	4,644	4,104	38,422	19,343	3,796	3,200	18,483
Vehicles	58,189	5,467	657	62,999	35,370	4,644	616	23,601
Leasehold improvements		492		492		18		474
	322,608	22,080	5,843	338,845	98,471	13,664	4,330	231,040
<b>Infrastructure</b>								
Environmental	445,600	22,335	931	467,004	167,358	5,917	469	294,198
Roads	222,457	15,749	3,644	234,562	113,305	5,043	3,355	119,569
Water	123,920	7,601	847	130,674	48,231	1,604	701	81,540
	791,977	45,685	5,422	832,240	328,894	12,564	4,525	495,307
<b>Work in Progress</b>	39,199	961	12,056	28,104				28,104
	<b>1,153,784</b>	<b>68,726</b>	<b>23,321</b>	<b>1,199,189</b>	<b>427,365</b>	<b>26,228</b>	<b>8,855</b>	<b>444,738</b>
								<b>754,451</b>

See accompanying notes

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## SCHEDULES OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2018

(In thousands of dollars)

	Cost			Accumulated Amortization				Net Book Value
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, Beginning of Year	Amortization	Disposals	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>2017</b>								
<b>General</b>								
Land	22,336	256	554	22,038				22,038
Land improvements	24,882	1,747	21	26,608	8,118	911	21	9,008
Buildings	176,596	1,511	216	177,891	31,116	3,732	98	34,750
Furniture and equipment	35,562	3,002	682	37,882	16,622	3,390	669	19,343
Vehicles	58,023	3,864	3,698	58,189	34,546	4,423	3,599	35,370
	317,399	10,380	5,171	322,608	90,402	12,456	4,387	98,471
<b>Infrastructure</b>								
Environmental	441,251	4,454	105	445,600	161,651	5,746	39	167,358
Roads	215,256	8,199	998	222,457	109,311	4,897	903	113,305
Water	121,729	2,443	252	123,920	46,902	1,537	208	48,231
	778,236	15,096	1,355	791,977	317,864	12,180	1,150	328,894
<b>Work in Progress</b>	21,224	46,018	28,043	39,199				
	<b>1,116,859</b>	<b>71,494</b>	<b>34,569</b>	<b>1,153,784</b>	<b>408,266</b>	<b>24,636</b>	<b>5,537</b>	<b>427,365</b>
								<b>726,419</b>

See accompanying notes