



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

**Consolidated Financial Statements**

**December 31, 2019**



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

**Consolidated Financial Statements**

**December 31, 2019**

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

**December 31, 2019**

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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  
February 8, 2022



Jason Burgess  
Chief Administrative Officer  
February 8, 2022



**CRAWFORD  
SMITH &  
SWALLOW**

Chartered Professional Accountants LLP

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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, 2019, 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, 2019, 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 *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*

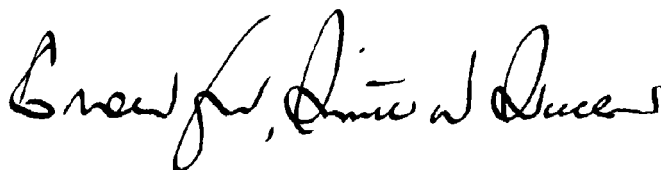
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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  
February 8, 2022

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, 2019

(In thousands of dollars)

	2019	2018
	\$	\$
<b>Financial Assets - note 8</b>		
Cash - note 3	143,134	106,412
Investments - note 4	36,826	28,388
Taxes receivable - note 5	12,748	12,713
Accounts receivable	22,497	16,928
User fees receivable	6,110	5,473
Long-term receivables - note 6	1,042	1,492
Note receivable - note 7		22,000
Long-term investment - note 7	93,214	92,251
	315,571	285,657
<b>Contingent Liabilities - note 9</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities - note 8	27,221	24,692
Deferred revenue - obligatory reserve funds - note 10	47,256	43,524
Deferred revenue - note 11	12,936	12,724
Other liabilities	6,479	4,574
Post-employment benefits - note 12	29,749	32,261
Net long-term liabilities - note 13	48,522	48,177
	172,163	165,952
<b>Net Financial Assets</b>	143,408	119,705
<b>Non-Financial Assets</b>		
Tangible capital assets - schedule 2	771,350	754,451
Inventories and prepaid expenses	3,076	2,889
	774,426	757,340
<b>Accumulated Surplus - note 14</b>	917,834	877,045

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, 2019  
(In thousands of dollars)

	Budget 2019 \$ note 20	Actual 2019 \$	Actual 2018 \$
<b>Revenue</b>			
Taxation - note 5	76,749	78,302	77,506
User fees	56,391	57,450	55,368
Government of Canada grants	10	1,340	2,567
Province of Ontario grants	4,501	8,713	6,660
Other municipal grants	3,402	6,274	4,299
Interest, penalties and fines	2,572	2,789	2,639
Investment income	3,190	3,511	2,977
Casino and gaming revenues	23,500	22,837	24,813
Niagara Falls Hydro Holding Corporation net income - note 7		1,634	2,275
Contributions from Obligatory Reserve Funds		7,954	3,274
Other	9,873	16,308	10,477
Contributed tangible capital assets		13,319	17,985
Loss on disposal of tangible capital assets		(532)	(2,391)
	180,188	219,899	208,449
<b>Expenses</b>			
General government	15,042	21,673	13,927
Protection to persons and property	29,192	29,753	29,800
Transportation services	37,072	51,739	57,860
Environmental services	37,046	39,565	36,485
Health services	1,966	2,153	1,957
Social and family services	982	1,071	1,022
Recreation and cultural services	21,497	27,463	25,650
Planning and development	5,102	5,693	7,002
	147,899	179,110	173,703
<b>Annual Surplus</b>	32,289	40,789	34,746
<b>Accumulated Surplus, Beginning of Year</b>	877,045	877,045	842,299
<b>Accumulated Surplus, End of Year</b>	<b>909,334</b>	<b>917,834</b>	<b>877,045</b>

See accompanying notes



# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2019

(In thousands of dollars)

	2019	2018
	\$	\$
<b>Operations</b>		
Annual surplus	40,789	34,746
Change in non-cash assets and liabilities - note 17	(8,550)	5,056
Non-cash charges to operations		
Amortization of tangible capital assets	27,330	26,228
Loss on disposal of tangible capital assets	532	2,391
Contributed tangible capital assets	(13,319)	(17,985)
Niagara Falls Hydro Holding Corporation net income - note 7	(1,634)	(2,275)
Net increase in cash from operations	45,148	48,161
<b>Capital</b>		
Proceeds on disposal of tangible capital assets		19
Acquisition of tangible capital assets	(31,442)	(38,685)
Net decrease in cash from capital	(31,442)	(38,666)
<b>Investing</b>		
Note receivable - note 7	22,000	
Dividends received from Niagara Falls Hydro Holding Corporation - note 14(c)	671	
Net increase in cash from investing	22,671	
<b>Financing</b>		
Long-term debt issued	4,100	
Long-term debt repaid	(3,755)	(3,636)
Net increase (decrease) in cash from financing	345	(3,636)
<b>Increase in Cash Position</b>	36,722	5,859
<b>Cash Position, Beginning of Year</b>	106,412	100,553
<b>Cash Position, End of Year</b>	<b>143,134</b>	<b>106,412</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, 2019  
(In thousands of dollars)

	Budget 2019 \$ note 20	Actual 2019 \$	Actual 2018 \$
<b>Annual Surplus</b>	32,289	40,789	34,746
<b>Acquisition of Tangible Capital Assets</b>	(45,801)	(31,442)	(38,685)
<b>Amortization of Tangible Capital Assets</b>	27,330	27,330	26,228
<b>Proceeds on Disposal of Tangible Capital Assets</b>			19
<b>Loss on Disposal of Tangible Capital Assets</b>	532	532	2,391
<b>Contributed Tangible Capital Assets</b>	(13,319)	(13,319)	(17,985)
<b>Change in Inventories and Prepaid Expenses - note 17</b>		(187)	(35)
<b>Increase in Net Financial Assets</b>	1,031	23,703	6,679
<b>Net Financial Assets, Beginning of Year</b>	119,705	119,705	113,026
<b>Net Financial Assets, End of Year</b>	<b>120,736</b>	<b>143,408</b>	<b>119,705</b>

See accompanying notes

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2019

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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 20.

#### (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, 2019

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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 18.

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, 2019

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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 are 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.

##### (vii) Inventories

Inventories are valued at average cost.

##### (viii) 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, 2019

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### 1. Significant Accounting Policies - continued

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

##### (ix) 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.

##### (x) 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.

##### (xi) 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, 2019

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### 1. Significant Accounting Policies - continued

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

##### (xi) 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.

##### (xii) 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.

##### (xiii) 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.

##### (xiv) Other income

Other income is recognized as revenue when service is performed.

##### (xv) 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, 2019

### 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	
	2019 \$	2018 \$	2019 \$	2018 \$
Taxation and user charges	40,657	40,483	84,455	80,304
Payments-in-lieu of taxes	1,896		3,745	3,714
Amounts received or receivable	42,553	40,483	88,200	84,018
Requisitions	42,553	40,483	88,200	84,018
Overlevies (Underlevies) at the end of year				

### 3. Cash

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

	(in thousands of dollars)	
	2019 \$	2018 \$
Operating Fund	92,505	59,661
Reserve Funds	50,629	46,751
	<b>143,134</b>	<b>106,412</b>

### 4. Investments

Investments have a book value of \$ 36,826,402 (\$ 28,387,692 - 2018) and a market value of \$ 36,823,394 (\$ 28,387,692 - 2018).

### 5. Taxes Receivable and Revenue

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.



# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2019

### 5. Taxes Receivable and Revenue - continued

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 - 2018)

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

	(in thousands of dollars)	
	2019	2018
	\$	\$
Residential and farm taxation	109,644	104,997
Commercial, industrial and business taxation and supplemental taxes	86,970	86,392
Taxation from other governments	12,441	10,618
	209,055	202,007
Payments to Region and School Boards	130,753	124,501
<b>Net Property Taxes and Payments-in-Lieu Available for Municipal Purposes</b>	<b>78,302</b>	<b>77,506</b>

### 6. Long-Term Receivables

Included in long-term receivables are amounts totaling \$ 857,993, which are unsecured with varying terms of repayment and bearing interest at nil. In addition, amounts totaling \$ 37,923 and \$ 146,395 are unsecured, repayable by January 1, 2026 and December 31, 2022 and bearing interest at 6% and 3% respectively.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2019

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

	(in thousands of dollars)	
	2019	2018
	\$	\$
<b>Statement of Financial Position</b>		
Current assets	58,635	44,217
Capital assets	203,361	194,744
Other assets	37,429	29,599
Regulatory assets	8,489	9,590
<b>Total Assets</b>	<b>307,914</b>	<b>278,150</b>
Current liabilities	37,596	41,748
Other liabilities	61,136	47,118
Note payable - see below		22,000
Long-term debt	82,835	40,338
Non-controlling interest - see below	28,162	28,053
Regulatory liabilities	4,971	6,642
<b>Total Liabilities and Other</b>	<b>214,700</b>	<b>185,899</b>
<b>Net Assets</b>	<b>93,214</b>	<b>92,251</b>
<b>Statement of Comprehensive Income</b>		
Revenue	187,287	175,294
Operating expenses	185,170	176,308
Net income (loss) before regulatory accounting change	2,117	(1,014)
Regulatory debit accounting change under CGAAP	234	4,489
Net income before non-controlling interest	2,351	3,475
Non-controlling interest - see below	717	1,245
Net income	1,634	2,230
Adjustment on acquisition - see below		45
<b>Total Comprehensive Income</b>	<b>1,634</b>	<b>2,275</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, 2019

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### 7. 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.

### 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, 2019, nil has been drawn on Facilities #1 and #3 and \$ 218,293 (\$ 210,728 - 2018) has been drawn on Facility #2. 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, 2019, the Municipality has known claims outstanding of approximately \$ 6,500,000. 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, 2019 were settled for a total of \$ 514,000. No provision for claims unsettled and settled have been included in these consolidated financial statements. The Municipality's maximum insurance coverage per claim is \$ 20,000,000.

#### 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, 2019

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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.

#### Niagara Falls Hydro Holding Corporation

The Municipality has guaranteed a non-revolving line of credit of Niagara Falls Hydro Holding Company ("NFHHC") which bears interest at the bank's prime lending rate, payable interest only, monthly and is due January 31, 2022. As at December 31, 2019, the line of credit outstanding is \$ 10,750,000 (\$ 10,750,000 - 2018) 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 (2018 - \$12,000,000) of which \$11,910,187 (2018 - \$11,910,187) has been drawn down. The Independent Electricity System Operator is the beneficiary for \$11,910,187 (2018 - \$11,910,187). This is to provide a prudential letter of credit supporting the purchase of electrical power.

### 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.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2019

### 10. Deferred Revenue - Obligatory Reserve Funds - continued

The deferred revenues are made up of the following:

	(in thousands of dollars)			
	2018	Externally restricted inflows	Revenue earned	2019
	\$	\$	\$	\$
2% Parkland dedication	1,487	59		1,546
Public purpose	1,449	672		2,121
Federal gas tax rebate	12,476	5,654	(1,077)	17,053
Provincial gas tax rebate - transit	1,272	1,494	(1,416)	1,350
Discounted development charges	4,693	2,591	(1,093)	6,191
Non-discounted development charges	22,147	1,217	(4,369)	18,995
	<b>43,524</b>	<b>11,687</b>	<b>(7,955)</b>	<b>47,256</b>

### 11. Deferred Revenue

Deferred revenue includes \$ 4,965,833 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.

### 12. Post-Employment Benefits

	(in thousands of dollars)	
	2019	2018
	\$	\$
Post-employment benefits	15,819	19,998
Long-term disability	326	301
Accumulated sick leave	3,556	3,443
WSIB - Schedule II future liability	8,818	7,238
Vacation pay	1,230	1,281
	<b>29,749</b>	<b>32,261</b>

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2019

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### 12. Post-Employment Benefits - continued

#### 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 \$ 5,539,775. The actual obligation is \$ 10,279,381.

As a result of actuarial valuations on long-term disability benefits, it was determined that an actuarial loss of \$ 564,935 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 139,140. The actual obligation is \$ 465,542.

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% (4.25% - 2018) and an inflation rate of 1.75% (1.75% - 2018).

#### 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 \$ 2,059,109 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 914,093. The actual obligation is \$ 4,469,438.

A reserve fund has been established for the accumulated sick leave liability. The balance as at December 31, 2019 is \$ 1,432,243 (\$ 1,409,218 - 2018) - 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% (4.25% - 2018) and an inflation rate of 1.75% (1.75% - 2018).

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2019

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### 12. Post-Employment Benefits - continued

#### 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% (3.75% - 2018) and an inflation rate of 1.75% (1.75% - 2018).

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 \$ 1,569,052. The actual obligation is \$ 10,387,303.

A reserve fund has been established for this liability. The balance as at December 31, 2019 is \$ 1,359,762 (\$ 1,335,720 - 2018) - see note 14.

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 \$ 807,616 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 294,417. The actual obligation is \$ 935,181.

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

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2019, the estimated accrued pension obligation for all members of the Plan was \$ 106,443 million (\$ 99,058 million - 2018). The Plan had an actuarial value of net assets at that date of \$ 103,046 million (\$ 94,867 million - 2018) indicating an actuarial deficit of \$ 3,397 million (\$ 4,191 million - 2018). 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.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2019

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### 12. Post-Employment Benefits - continued

Pension Agreements - continued

The amount contributed to OMERS for 2019 was \$ 5,116,455 (\$ 5,182,227 - 2018) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

On January 1, 2019, the yearly maximum pension earnings increased to \$ 57,400 from \$ 55,900 in 2018. The contributions are calculated at a rate of 9% (9% - 2018) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (14.6% - 2018) 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)	
	2019	2018
	\$	\$
Total long-term liabilities incurred by the Municipality including those incurred on behalf of school boards, other municipalities and municipal enterprises bearing interest at annual rates ranging from 1.3% to 5.35% and outstanding during the year is	<b>48,522</b>	<b>48,177</b>

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

	\$
2020	3,885,323
2021	3,516,286
2022	3,193,031
2023	3,123,226
2024	3,058,461
Thereafter	31,746,073

(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 \$ 2,153,792 (\$ 2,260,649 - 2018) are included on the Consolidated Statement of Operations and Accumulated Surplus, classified under the appropriate functional expense heading.



# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2019

### 14. Accumulated Surplus

	(in thousands of dollars)	
	2019	2018
	\$	\$
Invested in tangible capital assets	771,350	754,451
Capital fund	24,339	(5,192)
Operating fund	10,003	8,658
Reserves and reserve funds	97,199	85,315
Niagara Falls Hydro Holding Corporation net equity	93,214	114,251
	996,105	957,483
Amount to be recovered - post-employment benefits	(29,749)	(32,261)
Amount to be recovered - net long-term liabilities	(48,522)	(48,177)
	(78,271)	(80,438)
	<b>917,834</b>	<b>877,045</b>

#### (a) Operating fund balance

	(in thousands of dollars)	
	2019	2018
	\$	\$
For general reduction of taxation	299	(154)
For general reduction of user charges respecting waterworks	1,003	1,006
For general reduction of user charges respecting wastewater	1,045	1,810
For general use by the parking fund	40	17
For general use by the Library Board	130	272
For general use by the Business Improvement Areas and Convention Centre	7,219	5,459
For general use by the Airport Commission	267	248
	<b>10,003</b>	<b>8,658</b>

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2019

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### 14. Accumulated Surplus - continued

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

	(in thousands of dollars)	
	2019	2018
	\$	\$
Reserves set aside by Council for specific purposes:		
Working funds	265	265
Operating special purposes:		
Special purposes	13,458	12,501
Water	1,648	2,151
Wastewater	6,429	6,549
Capital special purposes:		
General	22,962	30,413
Water	5,225	6,768
Wastewater	3,722	5,220
<hr/>		
Total Reserves	53,709	63,867
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# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2019

### 14. Accumulated Surplus - continued

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

	(in thousands of dollars)	
	2019	2018
	\$	\$
Reserve Funds set aside by Council for specific purposes:		
Board of Museum purposes	5	4
Branscombe Family Grant	4	4
Capital/Operations - see note 16	7,444	7,530
Coat of Arm's	3	3
Drainage	760	748
Expansion and renewal	279	275
FMC/Visitor Transportation System	3,985	3,894
Future municipal works	744	732
Hospital - note 16	22,514	
Kalar Park turf debenture surplus	5	19
Library funds	1,352	1,609
Licence agreements - 40 years	2	2
Lot drainage	196	192
Lundy's Lane business improvement purposes	117	117
Niagara Tunnel Community Improvement	120	481
OMCC Grant	373	366
Parking	149	122
Prepaid works projects contributions	244	240
Projects - special needs children	18	18
Recreation trail development	87	86
Sanitary	476	468
Sewer and water impost	1,585	1,560
Sick leave liability - note 12	1,432	1,409
Sidewalk construction	38	38
Sports fund	6	6
Tree planting - developers	78	77
Water patrol boat	14	14
Willoughby museum	100	98
WSIB - Schedule II - note 12	1,360	1,336
<b>Total Reserve Funds</b>	<b>43,490</b>	<b>21,448</b>
<b>Total Reserves and Reserve Funds</b>	<b>97,199</b>	<b>85,315</b>

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2019

### 14. Accumulated Surplus - continued

(c) Niagara Falls Hydro Holding Corporation net equity

	(in thousands of dollars)	
	2019	2018
	\$	\$
Balance, beginning of year	114,251	111,976
Net income	1,634	2,230
Note payable repayment	(22,000)	
Dividends - controlling interest	(671)	
Acquisition		45
Balance, end of year	<b>93,214</b>	<b>114,251</b>

### 15. Trust Funds

Trust funds administered by the Municipality amounting to \$ 4,309,963 (\$ 4,130,734 - 2018) 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, 2019 is approximately \$ 62,448,023 (\$ 47,436,455 - 2018) after deducting the expenditures incurred as at December 31, 2019. 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 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) 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, 2019

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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, 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. A reserve fund has been established for this estimated contribution. The balance as at December 31, 2019 is \$ 22,513,595 (nil - 2018) - see note 14.

### 17. Statement of Cash Flows

Changes in cash components include:

	(in thousands of dollars)	
	2019	2018
	\$	\$
Change in investments	(8,438)	5,753
Change in taxes receivable	(35)	(1,527)
Change in accounts receivable	(5,569)	(2,302)
Change in user fees receivable	(637)	20
Change in long-term receivables	450	878
Change in inventories and prepaid expenses	(187)	(35)
Change in accounts payable and accrued liabilities	2,529	(5,088)
Change in deferred revenue - obligatory reserve funds	3,732	6,590
Change in deferred revenue	212	290
Change in other liabilities	1,905	(195)
Change in post-employment benefits	(2,512)	672
	<b>(8,550)</b>	<b>5,056</b>

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# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2019

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### 18. Contributions to Joint Board

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

	(in thousands of dollars)	
	2019	2018
	\$	\$
Niagara District Airport Commission	283	260

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

### 19. 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.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2019

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### 19. Segmented Reporting - continued

#### 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.

#### 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 20 for a discussion on the budgeted figures provided.

### 20. Budget Figures

The consolidated operating budget for the year ended 2019 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, 2019

### 20. 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>	0
Add:	
Library operating surplus (before capital, debt and transfers to reserves)	372
Niagara Civic and Convention Centre operating surplus	1,145
Net transfers to reserves	27,018
Principal repayment of long-term liabilities	3,754
<b>Surplus Reported on the Consolidated Statement of Operations and Accumulated Surplus</b>	<b>32,289</b>

### 21. 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.

### 22. 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 1**

**SCHEDULE OF SEGMENTED REPORTING**

for the year ended December 31, 2019

(In thousands of dollars)

	General Government 2019 Budget \$	General Government 2019 Actual \$	General Government 2018 Actual \$	Protection 2019 Budget \$	Protection 2019 Actual \$	Protection 2018 Actual \$	Transportation 2019 Budget \$	Transportation 2019 Actual \$	Transportation 2018 Actual \$	Environment 2019 Budget \$	Environment 2019 Actual \$	Environment 2018 Actual \$
<b>Revenue</b>												
Taxation	74,379	76,024	75,228	-	-	-	-	-	-	-	-	-
User fees and charges	329	351	469	104	213	155	3,008	3,634	3,413	45,550	44,098	43,355
Government grants	4,098	4,505	3,166	-	14	-	3,302	5,573	6,027	-	4,450	3,626
Other	30,117	35,264	30,937	1,838	3,044	1,747	3,925	17,220	15,257	337	7,579	11,357
Government business enterprise	-	1,634	2,275	-	-	-	-	-	-	-	-	-
Loss on disposal of tangible capital assets	-	(5)	(212)	-	(19)	(789)	-	(281)	(447)	-	(133)	(608)
	<b>108,923</b>	<b>117,773</b>	<b>111,863</b>	<b>1,942</b>	<b>3,252</b>	<b>1,113</b>	<b>10,235</b>	<b>26,146</b>	<b>24,250</b>	<b>45,887</b>	<b>55,994</b>	<b>57,730</b>
<b>Expenditures</b>												
Salaries and wages	12,293	10,298	10,665	20,920	20,448	20,744	21,324	19,360	20,314	4,514	4,190	4,020
Operating materials and supplies	5,701	8,003	5,265	1,749	1,670	1,153	8,446	10,911	14,457	1,385	1,595	1,494
Contracted services	1,327	2,060	1,535	4,969	5,071	4,979	4,823	7,272	9,927	30,097	24,599	22,315
Rents and financial expenses	140	136	253	246	212	247	325	654	249	265	268	120
Interfunctional transfer	(4,468)	(4,652)	(4,955)	1,269	1,331	1,393	2,130	2,249	2,432	469	455	563
External transfer	49	4,677	73	-	-	-	-	-	-	-	-	-
Amortization	-	1,113	1,091	-	982	1,228	-	11,269	10,464	-	8,142	7,622
Debt service	-	38	-	39	39	56	24	24	17	316	316	351
	<b>15,042</b>	<b>21,673</b>	<b>13,927</b>	<b>29,192</b>	<b>29,753</b>	<b>29,800</b>	<b>37,072</b>	<b>51,739</b>	<b>57,860</b>	<b>37,046</b>	<b>39,565</b>	<b>36,485</b>
<b>Annual Surplus (Deficit)</b>	<b>93,881</b>	<b>96,100</b>	<b>97,936</b>	<b>(27,250)</b>	<b>(26,501)</b>	<b>(28,687)</b>	<b>(26,837)</b>	<b>(25,593)</b>	<b>(33,610)</b>	<b>8,841</b>	<b>16,429</b>	<b>21,245</b>

See accompanying notes

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

**Schedule 1**

**SCHEDULE OF SEGMENTED REPORTING**

for the year ended December 31, 2019

(In thousands of dollars)

	Health/ Social 2019 Budget \$	Health/ Social 2019 Actual \$	Health/ Social 2018 Actual \$	Recreation/ Culture 2019 Budget \$	Recreation/ Culture 2019 Actual \$	Recreation/ Culture 2018 Actual \$	Planning/ Development 2019 Budget \$	Planning/ Development 2019 Actual \$	Planning/ Development 2018 Actual \$	Total 2019 Budget \$	Total 2019 Actual \$	Total 2018 Actual \$
<b>Revenue</b>												
Taxation	-	-	-	-	-	-	2,370	2,278	2,278	76,749	78,302	77,506
User fees and charges	546	650	631	6,380	7,964	6,798	474	540	547	56,391	57,450	55,368
Government grants	43	69	99	224	1,039	284	246	677	323	7,913	16,327	13,525
Other	451	581	417	2,452	2,946	2,237	15	84	214	39,135	66,718	62,166
Government business enterprise	-	-	-	-	-	-	-	-	-	-	1,634	2,275
Loss on disposal of tangible capital assets	-	(1)	(7)	-	(93)	(319)	-	-	(9)	-	(532)	(2,391)
	1,040	1,299	1,140	9,056	11,856	9,000	3,105	3,579	3,353	180,188	219,899	208,449
<b>Expenditures</b>												
Salaries and wages	1,786	1,659	1,623	9,337	9,004	8,977	2,034	1,918	2,028	72,208	66,877	68,371
Operating materials and supplies	317	503	344	8,498	8,682	7,031	309	149	217	26,405	31,513	29,961
Contracted services	562	625	599	1,256	1,452	1,305	178	411	1,592	43,212	41,490	42,252
Rents and financial expenses	42	48	38	280	297	249	192	176	306	1,490	1,791	1,462
Interfunctional transfer	191	188	185	390	413	365	19	16	17	-	-	-
External transfer	50	50	50	-	250	253	2,370	2,979	2,793	2,469	7,956	3,169
Amortization	-	151	140	-	5,629	5,634	-	44	49	-	27,330	26,228
Debt service	-	-	-	1,736	1,736	1,836	-	-	-	2,115	2,153	2,260
	2,948	3,224	2,979	21,497	27,463	25,650	5,102	5,693	7,002	147,899	179,110	173,703
<b>Annual Surplus (Deficit)</b>	<b>(1,908)</b>	<b>(1,925)</b>	<b>(1,839)</b>	<b>(12,441)</b>	<b>(15,607)</b>	<b>(16,650)</b>	<b>(1,997)</b>	<b>(2,114)</b>	<b>(3,649)</b>	<b>32,289</b>	<b>40,789</b>	<b>34,746</b>

See accompanying notes

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

**Schedule 2**

**SCHEDULES OF TANGIBLE CAPITAL ASSETS**

for the year ended December 31, 2019

(In thousands of dollars)

	Cost			Balance		Accumulated Amortization		Balance, End of Year	Net Book Value
	Balance, Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization	Disposals		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>2019</b>									
<b>General</b>									
Land	24,783			24,783					24,783
Land improvements	30,879	4,202	333	34,748	10,211	1,520	333	11,398	23,350
Buildings	181,270	4,705	111	185,864	38,239	3,916	25	42,130	143,734
Furniture and equipment	38,422	3,667	961	41,128	19,939	3,729	909	22,759	18,369
Vehicles	62,999	6,210	1,713	67,496	39,398	4,747	1,635	42,510	24,986
Leasehold improvements	492	32		524	18	25		43	481
	338,845	18,816	3,118	354,543	107,805	13,937	2,902	118,840	235,703
<b>Infrastructure</b>									
Environmental	467,004	9,964	121	476,847	172,806	6,143	84	178,865	297,982
Roads	234,562	13,864	1,347	247,079	114,993	5,488	1,159	119,322	127,757
Water	130,674	7,168	306	137,536	49,134	1,762	215	50,681	86,855
	832,240	30,996	1,774	861,462	336,933	13,393	1,458	348,868	512,594
<b>Work in Progress</b>	28,104	2,690	7,741	23,053					23,053
	<b>1,199,189</b>	<b>52,502</b>	<b>12,633</b>	<b>1,239,058</b>	<b>444,738</b>	<b>27,330</b>	<b>4,360</b>	<b>467,708</b>	<b>771,350</b>

See accompanying notes

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

**Schedule 2**

**SCHEDULES OF TANGIBLE CAPITAL ASSETS**

for the year ended December 31, 2019

(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		Balance, End of Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<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	10,211	20,668
Buildings	177,891	4,226	847	181,270	34,750	3,850	361	38,239	143,031
Furniture and equipment	37,882	4,644	4,104	38,422	19,343	3,796	3,200	19,939	18,483
Vehicles	58,189	5,467	657	62,999	35,370	4,644	616	39,398	23,601
Leasehold improvements		492		492		18		18	474
	322,608	22,080	5,843	338,845	98,471	13,664	4,330	107,805	231,040
<b>Infrastructure</b>									
Environmental	445,600	22,335	931	467,004	167,358	5,917	469	172,806	294,198
Roads	222,457	15,749	3,644	234,562	113,305	5,043	3,355	114,993	119,569
Water	123,920	7,601	847	130,674	48,231	1,604	701	49,134	81,540
	791,977	45,685	5,422	832,240	328,894	12,564	4,525	336,933	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