



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

**Consolidated Financial Statements**

**December 31, 2020**



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

### **Consolidated Financial Statements**

**December 31, 2020**

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# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## MANAGEMENT REPORT

**December 31, 2020**

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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 28, 2023



Jason Burgess  
Chief Administrative Officer  
February 28, 2023



**CRAWFORD  
SMITH &  
SWALLOW**

Chartered Professional Accountants LLPLP

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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, 2020, 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, 2020, 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*

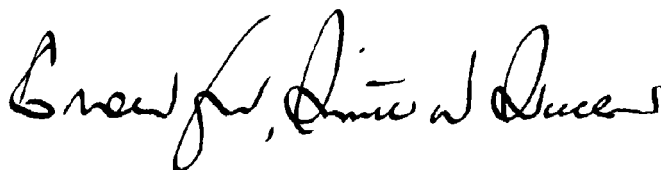
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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 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 28, 2023

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, 2020

(In thousands of dollars)

	2020	2019
	\$	\$
<b>Financial Assets - note 8</b>		
Cash - note 3	55,563	143,134
Investments - note 4	120,102	36,826
Taxes receivable - note 5	22,316	12,748
Accounts receivable	8,797	22,497
User fees receivable	5,863	6,110
Long-term receivables - note 6	914	1,042
Long-term investment - note 7	94,780	93,214
	308,335	315,571
<b>Contingent Liabilities - note 9</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities - note 8	27,915	27,221
Deferred revenue - obligatory reserve funds - note 10	47,098	47,256
Deferred revenue - note 11	13,611	12,936
Other liabilities	9,295	6,479
Post-employment benefits - note 12	29,360	29,749
Net long-term liabilities - note 13	53,037	48,522
	180,316	172,163
<b>Net Financial Assets</b>	128,019	143,408
<b>Non-Financial Assets</b>		
Tangible capital assets	796,516	771,350
Inventories and prepaid expenses	3,458	3,076
	799,974	774,426
<b>Accumulated Surplus - note 14</b>	<b>927,993</b>	<b>917,834</b>

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, 2020  
(In thousands of dollars)

	Budget 2020 \$ note 21	Actual 2020 \$	Actual 2019 \$
<b>Revenue</b>			
Taxation - note 5	78,812	79,893	78,302
User fees	56,659	48,409	57,450
Government of Canada grants	750	2,999	1,340
Province of Ontario grants	990	5,751	8,713
Other municipal grants	3,510	7,475	6,274
Interest, penalties and fines	2,605	2,196	2,789
Investment income	2,941	2,252	3,511
Casino and gaming revenues	23,000	3,979	22,837
Niagara Falls Hydro Holding Corporation net comprehensive income - note 7		2,236	1,634
Contributions from Obligatory Reserve Funds - note 10		13,803	7,954
Other	14,040	9,940	16,308
Contributed tangible capital assets			13,319
Loss on disposal of tangible capital assets		(413)	(532)
	183,307	178,520	219,899
<b>Expenses</b>			
General government	19,402	18,538	21,673
Protection to persons and property	30,152	28,593	29,753
Transportation services	38,203	47,064	51,739
Environmental services	36,767	42,902	39,565
Health services	2,071	1,972	2,153
Social and family services	1,002	753	1,071
Recreation and cultural services	21,959	23,253	27,463
Planning and development	5,289	5,286	5,693
	154,845	168,361	179,110
<b>Annual Surplus</b>	28,462	10,159	40,789
<b>Accumulated Surplus, Beginning of Year</b>	917,834	917,834	877,045
<b>Accumulated Surplus, End of Year</b>	<b>946,296</b>	<b>927,993</b>	<b>917,834</b>

See accompanying notes



# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2020

(In thousands of dollars)

	2020	2019
	\$	\$
<b>Operations</b>		
Annual surplus	10,159	40,789
Changes in non-cash assets and liabilities - note 18	(75,513)	(8,550)
Non-cash charges to operations		
Amortization of tangible capital assets	28,182	27,330
Loss on disposal of tangible capital assets	413	532
Contributed tangible capital assets		(13,319)
Niagara Falls Hydro Holding Corporation net comprehensive income - note 7	(2,236)	(1,634)
Net increase (decrease) in cash from operations	(38,995)	45,148
<b>Capital</b>		
Acquisition of tangible capital assets	(53,761)	(31,442)
<b>Investing</b>		
Note receivable		22,000
Dividends received from Niagara Falls Hydro Holding Corporation - note 14(c)	670	671
Net increase in cash from investing	670	22,671
<b>Financing</b>		
Long-term debt issued	8,400	4,100
Long-term debt repaid	(3,885)	(3,755)
Net increase in cash from financing	4,515	345
<b>Increase (Decrease) in Cash Position</b>	(87,571)	36,722
<b>Cash Position, Beginning of Year</b>	143,134	106,412
<b>Cash Position, End of Year</b>	<b>55,563</b>	<b>143,134</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, 2020  
(In thousands of dollars)

	Budget 2020 \$ note 21	Actual 2020 \$	Actual 2019 \$
<b>Annual Surplus</b>	28,462	10,159	40,789
<b>Acquisition of Tangible Capital Assets</b>	(62,909)	(53,761)	(31,442)
<b>Amortization of Tangible Capital Assets</b>	28,182	28,182	27,330
<b>Loss on Disposal of Tangible Capital Assets</b>	413	413	532
<b>Contributed Tangible Capital Assets</b>			(13,319)
<b>Change in Inventories and Prepaid Expenses - note 18</b>		(382)	(187)
<b>Increase (Decrease) in Net Financial Assets</b>	(5,852)	(15,389)	23,703
<b>Net Financial Assets, Beginning of Year</b>	143,408	143,408	119,705
<b>Net Financial Assets, End of Year</b>	<b>137,556</b>	<b>128,019</b>	<b>143,408</b>

See accompanying notes

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

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### 1. Significant Accounting Policies

The consolidated financial statements of the Corporation of the City of Niagara Falls, Ontario (the "Municipality") are the representations of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada") with the exception of providing budget figures. See note 21.

#### (a) Basis of consolidation

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

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

The Municipality's wholly owned subsidiary Niagara Falls Hydro Holding Corporation ("NFHHC") is accounted for on a modified equity basis, consistent with the accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Municipality, and inter-organizational transactions and balances are not eliminated. The Municipality recognizes its equity interest in the net comprehensive income or loss of NFHHC in its Consolidated Statement of Operations and Accumulated Surplus with a corresponding increase or decrease in its investment asset account. Any dividends that the Municipality may receive from NFHHC will be reflected as reductions in the investment asset account.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

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### 1. Significant Accounting Policies - continued

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

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

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

Niagara District Airport Commission (Joint Board)

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

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards and the Regional Municipality of Niagara (the "Region") are not reflected in the municipal fund balances of these consolidated financial statements. See note 2.

##### (iv) Trust funds

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

#### (b) Basis of accounting

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

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

##### (iii) Investments

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

##### (iv) Long-term receivables

Long-term receivables are initially reported on the Consolidated Statement of Financial Position at cost. Recoverability is assessed annually and a valuation allowance is recorded when recoverability is impaired. The long-term receivables are written off when they are no longer recoverable. Recoveries of long-term receivables previously written off are recognized as revenue in the year received. Interest revenue is recognized as it is earned.

##### (v) Non-financial assets

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

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

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### 1. Significant Accounting Policies - continued

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

##### (vi) Tangible capital assets

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

Amortization is recorded to reflect the cost, net of anticipated residual value, associated with the use of the asset in providing government services on a straight-line basis over the estimated useful life of the asset. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized. Gains and/or losses on the disposal of an asset is recorded on the Consolidated Statement of Operations and Accumulated Surplus as "gain/loss on disposal of tangible capital assets".

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

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt and are also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

The historical cost of works of art or historical treasures has not been assigned to these assets nor disclosed in the consolidated financial statements.

##### (vi) Inventories

Inventories are valued at average cost.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

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### 1. Significant Accounting Policies - continued

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

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

Deferred revenue - obligatory reserve funds represents development charge contributions, public purpose, parkland dedication, gas taxes and Ontario Community Infrastructure Fund, levied or received under the authority of federal and provincial legislation and Municipality by-laws. These amounts have been collected but the related services have yet to be performed - see note 10. These amounts will be recognized as revenue in the fiscal year the services are performed.

##### (viii) Deferred revenue

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

##### (ix) Government transfers

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

##### (x) Employee future benefits

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

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

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

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### 1. Significant Accounting Policies - continued

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

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

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

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

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

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

##### (xi) Tax revenue

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

##### (xii) Investment income

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

##### (xiii) Other income

Other income is recognized as revenue when service is performed.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

### 1. Significant Accounting Policies - continued

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

##### (xiv) Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Accounts subject to significant estimates include accounts receivable, tangible capital assets, accounts payable and accrued liabilities, and employee future benefits. These estimates and assumptions are based on management's best information and judgement. Actual results may differ significantly from those estimates.

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

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

	(in thousands of dollars) School Boards		(in thousands of dollars) Region	
	2020	2019	2020	2019
	\$	\$	\$	\$
Taxation and user charges	40,610	40,657	90,392	84,455
Payments-in-lieu of taxes	3,231	1,896	3,871	3,745
Amounts received or receivable	43,841	42,553	94,263	88,200
Requisitions	43,841	42,553	94,263	88,200
Overlevies (Underlevies) at the end of year				

### 3. Cash

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

	(in thousands of dollars)	
	2020	2019
	\$	\$
Unrestricted	42,198	92,505
Restricted	13,365	50,629
	<b>55,563</b>	<b>143,134</b>



# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

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### 4. Investments

Investments have a book value of \$ 120,102,165 (\$ 36,826,402 - 2019) and a market value of \$ 120,394,570 (\$ 36,823,394 - 2019). Included in investments are guaranteed investment certificates (GIC's) with interest rates between 1.70% and 2.16% and mature between March 2021 and March 2022. The GIC's are subject to insignificant risk of change in value.

### 5. Taxes Receivable and Revenues

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

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

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

The property taxes receivable, tax revenue and accounts payable and accrued liabilities of the Municipality are subject to measurement uncertainty as a significant number of appeals submitted by ratepayers have yet to be heard. The taxes receivable balance, including penalties and interest, are net of an allowance for doubtful accounts of \$ 920,000 (\$ 920,000 - 2019)

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

	(in thousands of dollars)	
	2020	2019
	\$	\$
Residential and farm taxation	116,453	109,644
Commercial, industrial and business taxation and supplemental taxes	87,500	86,970
Taxation from other governments	14,044	12,441
	217,997	209,055
Payments to Region and School Boards	138,104	130,753
<b>Net Property Taxes and Payments-in-Lieu Available for Municipal Purposes</b>	<b>79,893</b>	<b>78,302</b>

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# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

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### 6. Long-Term Receivables

Included in long-term receivables are amounts totaling \$ 851,549, which are unsecured with, varying terms of repayment and bearing interest at nil. In addition, amounts totaling \$ 33,405 and \$ 29,350 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, 2020

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

	(in thousands of dollars)	
	2020	2019
	\$	\$
<b>Statement of Financial Position</b>		
Current assets	46,400	58,635
Capital assets	212,818	203,361
Other assets	36,888	37,429
Regulatory assets	12,212	8,489
<b>Total Assets</b>	<b>308,318</b>	<b>307,914</b>
Current liabilities	31,674	37,596
Other liabilities	63,879	61,136
Long-term debt	82,107	82,835
Non-controlling interest - see below	28,948	28,162
Regulatory liabilities	6,930	4,971
<b>Total Liabilities and Other</b>	<b>213,538</b>	<b>214,700</b>
<b>Net Assets</b>	<b>94,780</b>	<b>93,214</b>
<b>Statement of Comprehensive Income</b>		
Revenue	211,362	187,287
Operating expenses	209,853	185,170
Net income before regulatory accounting change	1,509	2,117
Regulatory debit accounting change under CGAAP	1,763	234
Net income before non-controlling interest	3,272	2,351
Non-controlling interest - see below	1,036	717
<b>Net Comprehensive Income</b>	<b>2,236</b>	<b>1,634</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, 2020

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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.

### 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, 2020, nil has been drawn on Facilities #1 and #3 and \$ 172,861 (\$ 218,293 - 2019) has been drawn on Facility #2 which has been included in accounts payable and accrued liabilities. All credit facilities are secured by a borrowing by-law/resolution(s) containing a pledge of revenue and a general security agreement.

### 9. Contingent Liabilities

#### Legal

As at December 31, 2020, the Municipality has known legal claims outstanding of approximately \$ 8,100,000. 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, 2020 were settled for a total of \$ 339,559. No provision for claims unsettled and settled have been included in these consolidated financial statements. The Municipalities maximum insurance coverage per claim is \$ 20,000,000.

#### Niagara Convention & Civic Centre Inc. ("Niagara Falls Convention Centre")

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

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

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### 9. Contingent Liabilities - continued

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

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

#### Capital Grants

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

#### Niagara Falls Hydro Holding Corporation

The Municipality has guaranteed an overall non-revolving line of credit of Niagara Falls Hydro Holding Company ("NFHHC") in the amount of \$ 24,750,000 which bears interest at the bank's prime lending rate, payable interest only, monthly and is due January 31, 2022. As at December 31, 2020, the line of credit outstanding is \$ 5,000,000 (\$ 10,750,000 - 2019) 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 (2019 - \$ 12,000,000) of which \$ 11,910,187 (2019 - \$ 11,910,187) has been drawn down. The Independent Electricity System Operator is the beneficiary for \$ 11,910,187 (2019 - \$ 11,910,187). This is to provide a prudential letter of credit supporting the purchase of electrical power.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

### 10. Deferred Revenue - Obligatory Reserve Funds

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

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

The deferred revenues are made up of the following:

	(in thousands of dollars)			
	2019	Externally restricted inflows	Revenue earned	2020
	\$	\$	\$	\$
2% Parkland dedication	1,546	66		1,612
Public purpose	2,121	652		2,773
Federal gas tax rebate	17,053	3,001	(5,554)	14,500
Provincial gas tax rebate - transit	1,350	1,556	(783)	2,123
Discounted development charges	6,191	1,058	(162)	7,087
Non-discounted development charges	18,995	3,746	(6,082)	16,659
Ontario Community Infrastructure Fund		3,566	(1,222)	2,344
	<b>47,256</b>	<b>13,645</b>	<b>(13,803)</b>	<b>47,098</b>

### 11. Deferred Revenue

Deferred revenue includes \$ 4,769,167 related to a thirty year lease for space agreement between the Municipality and Metrolinx as part of the WEGO bus program. The Municipality must notify Metrolinx in writing, if at any time during a period of thirty years from the date of completion for the WEGO bus storage and maintenance facility, the Municipality proposes to sell, lease, encumber or use assets in a manner other than described in the agreement or otherwise dispose directly or indirectly, of any part of the facility constructed, rehabilitated or improved. The Municipality is liable to repay a proportionate amount of \$ 5,900,000 contributed by Metrolinx. The liability is reduced 3.33% per annum up to thirty years after the date of completion, that being April, 2015. Alternatively, Metrolinx has the first right of refusal to purchase the facility at an agreed upon amount.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

### 12. Post-Employment Benefits

	(in thousands of dollars)	
	2020	2019
	\$	\$
Post-employment benefits	14,963	15,819
Long-term disability	412	326
Accumulated sick leave	3,700	3,556
WSIB - Schedule II future liability	9,133	8,818
Vacation pay	1,152	1,230
	<b>29,360</b>	<b>29,749</b>

#### Post-Employment Benefits

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

As a result of actuarial valuations on post-employment benefits, it was determined that an actuarial gain of \$ 8,113,437 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 4,659,363. The actual obligation is \$ 10,303,377.

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 \$ 68,523. The actual obligation is \$ 480,972.

The liabilities for post-employment benefits as reflected in these consolidated financial statements have been determined on an actuarial basis using a discount rate of 3.50% (3.50% - 2019) and an inflation rate of 1.75% (1.75% - 2019).

#### Accumulated Sick Leave

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

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

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### 12. Post-Employment Benefits - continued

#### Accumulated Sick Leave - continued

As a result of actuarial valuations on the accumulated sick leave liability, it was determined that an actuarial loss of \$ 2,059,109 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 760,189. The actual obligation is \$ 4,460,426.

A reserve fund has been established for the accumulated sick leave liability. The balance as at December 31, 2020 is \$ 1,464,938 (\$ 1,432,243 - 2019) - see note 14.

The liabilities for accumulated sick leave as reflected in these consolidated financial statements have been determined on an actuarial basis using a discount rate of 3.50% (3.50% - 2019) and an inflation rate of 1.75% (1.75% - 2019).

#### Workplace Safety and Insurance Board - Schedule II Future Liability

The Municipality has elected to be treated as a Schedule II employer and as such, is required to remit payments to the Workplace Safety and Insurance Board ("WSIB") to fund disability payments. The liability as reflected in these consolidated financial statements has been determined on an actuarial basis using a discount rate of 3.50% (3.50% - 2019) and an inflation rate of 1.75% (1.75% - 2019).

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 \$ 1,243,065. The actual obligation is \$ 10,376,188.

A reserve fund has been established for this liability. The balance as at December 31, 2020 is \$ 1,389,499 (\$ 1,359,762 - 2019) - see note 14.

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

#### Vacation Pay

As a result of an actuarial valuation on the accumulated vacation pay liability, it was determined that an actuarial gain of \$ 807,616 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 227,025. The actual obligation is \$ 924,562.

#### Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to over 500,000 active and retired members and approximately 1,000 employers.



# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

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### 12. Post-Employment Benefits - continued

#### Pension Agreements - continued

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2020, the estimated accrued pension obligation for all members of the Plan was \$ 111,820 million (\$ 106,443 million - 2019). The Plan had an actuarial value of net assets at that date of \$ 108,609 million (\$ 103,046 million - 2019) indicating an actuarial deficit of \$ 7,655 million (\$ 3,397 million - 2019). The Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2020 was \$ 5,150,831 (\$ 5,116,455 - 2019) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

On January 1, 2020, the yearly maximum pension earnings increased to \$ 58,700 from \$ 57,400 in 2019. The contributions are calculated at a rate of 9% (9% - 2019) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (14.6% - 2019) 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)	
	2020	2019
	\$	\$
Total long-term liabilities incurred by the Municipality including those incurred on behalf of other municipalities and municipal enterprises bearing interest at annual rates ranging from 1.3% to 5.35% and outstanding during the year is	<b>53,037</b>	<b>48,522</b>

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

	\$
2021	3,862,006
2022	3,545,665
2023	3,482,913
2024	3,425,340
2025	3,538,552
Thereafter	35,182,602

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

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

- (c) The net long-term liabilities in (a) issued in the name of the municipality have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (d) Interest charges of \$ 2,080,233 (\$ 2,153,792 - 2019) are included on the Consolidated Statement of Operations and Accumulated Surplus, classified under the appropriate functional expense heading.

### 14. Accumulated Surplus

	(in thousands of dollars)	
	2020	2019
	\$	\$
Invested in tangible capital assets	796,516	771,350
Capital fund	24,740	24,339
Operating fund	9,241	10,003
Reserves and reserve funds	85,113	97,199
Niagara Falls Hydro Holding Corporation net equity	94,780	93,214
	1,010,390	996,105
Amount to be recovered - post-employment benefits	(29,360)	(29,749)
Amount to be recovered - net long-term liabilities	(53,037)	(48,522)
	(82,397)	(78,271)
	<b>927,993</b>	<b>917,834</b>

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

### 14. Accumulated Surplus - continued

#### (a) Operating fund balance

	(in thousands of dollars)	
	2020	2019
	\$	\$
For general reduction of taxation	314	299
For general reduction of user charges respecting waterworks	683	1,003
For general reduction of user charges respecting wastewater	338	1,045
For general use by the parking fund	40	40
For general use by the Library Board	742	130
For general use by the Business Improvement Areas and Convention Centre	6,854	7,219
For general use by the Airport Commission	270	267
	<b>9,241</b>	<b>10,003</b>

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

	(in thousands of dollars)	
	2020	2019
	\$	\$
Reserves set aside by Council for specific purposes:		
Working funds	265	265
Operating special purposes:		
General	12,443	13,458
Water	1,648	1,648
Wastewater	6,320	6,429
Capital special purposes:		
General	9,393	22,962
Water	5,165	5,225
Wastewater	2,066	3,722
Total Reserves	<b>37,300</b>	<b>53,709</b>

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

### 14. Accumulated Surplus - continued

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

	(in thousands of dollars)	
	2020	2019
	\$	\$
Reserve Funds set aside by council for specific purposes:		
Branscombe Family Grant	4	4
Capital/Operations - see note 16	7,508	7,444
Coat of Arm's	3	3
Drainage	778	760
Expansion and renewal	285	279
FMC/Visitor Transportation System	4,026	3,985
Future municipal works	761	744
Hospital - note 16	22,895	22,514
Kalar Park turf debenture surplus		5
Library funds	1,309	1,352
Licence agreements - 40 years	2	2
Lot drainage	200	196
Lundy's Lane business improvement purposes	117	117
Lundy's Lane Museum	5	5
Niagara Tunnel Community Improvement	130	120
Ontario Lottery and Gaming	3,770	
OMCC Grant	380	373
Parking	77	149
Prepaid works projects contributions	250	244
Projects - special needs children	19	18
Recreation trail development	89	87
Sanitary	486	476
Sewer and water impost	1,622	1,585
Sick leave liability - note 12	1,465	1,432
Sidewalk construction	39	38
Sports fund	6	6
Tree planting - developers	80	78
Water patrol boat	15	14
Willoughby museum	102	100
WSIB - Schedule II - note 12	1,390	1,360
<b>Total Reserve Funds</b>	<b>47,813</b>	<b>43,490</b>
<b>Total Reserves and Reserve Funds</b>	<b>85,113</b>	<b>97,199</b>

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

### 14. Accumulated Surplus - continued

(c) Niagara Falls Hydro Holding Corporation net equity

	(in thousands of dollars)	
	2020	2019
	\$	\$
Balance, beginning of year	93,214	114,251
Net income	2,236	1,634
Note payable repayment		(22,000)
Dividends - non-controlling interest	(670)	(671)
Balance, end of year	<b>94,780</b>	<b>93,214</b>

### 15. Trust Funds

Trust funds administered by the Municipality amounting to \$ 4,511,950 (\$ 4,309,963 - 2019) 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, 2020 is approximately \$ 81,816,111 (\$ 64,448,023 - 2019) after deducting the expenditures incurred as at December 31, 2020. These projects will be financed by grants, subsidies, obligatory reserve funds, transfer from operations, reserves and reserve funds and net long-term liabilities in future years.

#### International Railway Bridge

The Municipality, as a condition of the purchase of the CN/CP Railway Corridor, has the responsibility for the costs of demolition of the International Railway Bridge by December 2026. This condition is subject to being waived if the bridge is subsequently sold to a third party or if demolition procedures have not commenced by CN/CP prior to December 2026. The Municipality has set aside a reserve fund (Capital/Operations - see note 14b) amount of \$ 4,000,000 increasing each year by the amount of the Consumer Price Index for this purpose. In addition, the Municipality is committed to reimburse CN/CP the lesser of the actual maintenance costs incurred on the International Railway Bridge or \$ 100,000 on an annual basis until December 2026.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

### 16. Contractual Obligations and Commitments - continued

#### South Niagara Site Hospital

The South Niagara Site Hospital (the "Project") construction budget estimate is approximately \$ 1 billion. The Province is expected to fund the majority of the Project. Six southern tier local area municipalities, namely Niagara Falls, Fort Erie, Pelham, Port Colborne, Wainfleet and Welland, are requested to contribute approximately \$ 40 million to \$ 50 million toward the total local share contribution of \$ 200 million to \$ 230 million. At this time, it is uncertain how the total local share contribution will be allocated between the six southern tier municipalities. Past construction budget discussions related to the Project resulted in an estimated amount of \$ 22 million to be contributed by the Municipality. Subsequent to year end, Niagara Health has updated their local share commitment request to \$ 30 million to \$ 32 million. A reserve fund has been established for this estimated contribution. The balance as at December 31, 2020 is \$ 22,895,141 ((\$ 22,513,595 - 2019) - see note 14b).

### 17. Subsequent Event

Subsequent to year end, the Municipality entered into a Municipal Transfer Agreement with the Regional Municipality of Niagara, the Corporation of the City of St. Catharines, the St. Catharines Transit Commission, the Corporation of the City of Welland and the Niagara Transit Commission to transfer the assets and liabilities of the transit operations to the Niagara Transit Commission with an effective date of January 1, 2023. All transit operations will be performed by the Niagara Transit Commission as of January 1, 2023.

### 18. Statement of Cash Flows

Changes in cash components include:

	(in thousands of dollars)	
	2020	2019
	\$	\$
Change in investments	(83,276)	(8,438)
Change in taxes receivable	(9,568)	(35)
Change in accounts receivable	13,700	(5,569)
Change in user fees	247	(637)
Change in long-term receivables	128	450
Change in inventories and prepaid expenses	(382)	(187)
Change in accounts payable and accrued liabilities	694	2,529
Change in deferred revenue - obligatory reserve funds	(158)	3,732
Change in deferred revenue	675	212
Change in other liabilities	2,816	1,905
Change in post-employment benefits	(389)	(2,512)
	<b>(75,513)</b>	<b>(8,550)</b>

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

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### 19. Contributions to Joint Board

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

	(in thousands of dollars)	
	2020	2019
	\$	\$
Niagara District Airport Commission	285	283

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

### 20. Segmented Reporting

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

#### General Government

The mandate of this functional area is to provide political governance, administrative executive management and those expenses and revenues which are corporate in nature and cannot be easily apportioned to other departments. Reported in this functional area are departments such as Council, Clerks, CAO, Finance, Human Resources, Legal, and Information Systems.

#### 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, 2020

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### 20. Segmented Reporting - continued

#### Health and Social and Family Services

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

#### Recreation and Culture

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

#### Planning and Development

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

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements. See note 21 for a discussion on the budgeted figures provided.

### 21. Budget Figures

The consolidated operating budget for the year ended 2020 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, 2020

### 21. 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)	308
Niagara Civic and Convention Centre operating surplus	1,333
Net transfers to reserves	22,936
Principal repayment of long-term liabilities	3,885
<b>Surplus Reported on the Consolidated Statement of Operations and Accumulated Surplus</b>	<b>28,462</b>

### 22. Impact of COVID-19 Pandemic

The COVID-19 pandemic continues to result in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

The City declared a state of emergency under the Emergency Management Act Ontario, on April 3, 2020. The declaration of a state of emergency provides the Mayor with the ability to take action and make orders, as necessary, to protect the health, safety and welfare of residents. Throughout 2020, the City took extraordinary measures to support its residents through various financial relief measures such as waiving fines and penalties on overdue balances and waiving parking fees in City owned parking lots. The City continues to monitor the advice and recommendations from public health and the Province of Ontario.

During the year, the City received \$ 4,371,400 (Ministry of Municipal Affairs and Housing) and \$ 1,939,258 (Ministry of Transportation) under the Province of Ontario's Safe Restart funding initiative to support operating and transit pressures faced as a result of the COVID-19 pandemic.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020

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### 22. Impact of COVID-19 Pandemic- continued

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.

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## SCHEDULE OF SEGMENTED REPORTING

for the year ended December 31, 2020

(In thousands of dollars)

	General Government 2020 Budget \$	General Government 2020 Actual \$	General Government 2019 Actual \$	Protection 2020 Budget \$	Protection 2020 Actual \$	Protection 2019 Actual \$	Transportation 2020 Budget \$	Transportation 2020 Actual \$	Transportation 2019 Actual \$	Environment 2020 Budget \$	Environment 2020 Actual \$	Environment 2019 Actual \$
<b>Revenue</b>												
Taxation	77,675	78,756	76,024	-	-	-	-	-	-	-	-	-
User fees and charges	356	294	351	129	181	213	3,363	1,572	3,634	45,329	42,532	44,098
Government grants	705	3,913	4,505	-	845	14	3,360	6,780	5,573	-	1,211	4,450
Other	33,168	10,523	35,264	1,828	1,931	3,044	4,356	10,178	17,220	304	6,292	7,579
Government business enterprise	-	2,236	1,634	-	-	-	-	-	-	-	-	-
Loss on disposal of tangible capital assets	-	(33)	(5)	-	-	(19)	-	(161)	(281)	-	(167)	(133)
	111,904	95,689	117,773	1,957	2,957	3,252	11,079	18,369	26,146	45,633	49,868	55,994
<b>Expenditures</b>												
Salaries and wages	12,396	11,076	10,298	21,991	22,741	20,448	21,956	18,927	19,360	4,723	4,401	4,190
Operating materials and supplies	6,062	8,270	8,003	1,748	873	1,670	8,443	7,438	10,911	1,474	1,341	1,595
Contracted services	1,463	2,102	2,060	4,996	2,101	5,071	5,181	5,591	7,272	29,477	27,560	24,599
Rents and financial expenses	119	101	136	210	340	212	367	635	654	314	243	268
Interfunctional transfer	(4,583)	(5,619)	(4,652)	1,185	1,436	1,331	2,237	2,725	2,249	499	649	455
External transfer	3,860	1,424	4,677	-	9	-	-	-	-	-	-	-
Amortization	-	1,099	1,113	-	1,071	982	-	11,729	11,269	-	8,427	8,142
Debt service	85	85	38	22	22	39	19	19	24	280	281	316
	19,402	18,538	21,673	30,152	28,593	29,753	38,203	47,064	51,739	36,767	42,902	39,565
<b>Annual Surplus (Deficit)</b>	<b>92,502</b>	<b>77,151</b>	<b>96,100</b>	<b>(28,195)</b>	<b>(25,636)</b>	<b>(26,501)</b>	<b>(27,124)</b>	<b>(28,695)</b>	<b>(25,593)</b>	<b>8,866</b>	<b>6,966</b>	<b>16,429</b>

See accompanying notes

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## SCHEDULE OF SEGMENTED REPORTING

for the year ended December 31, 2020

(In thousands of dollars)

	Health/ Social 2020 Budget \$	Health/ Social 2020 Actual \$	Health/ Social 2019 Actual \$	Recreation/ Culture 2020 Budget \$	Recreation/ Culture 2020 Actual \$	Recreation/ Culture 2019 Actual \$	Planning/ Development 2020 Budget \$	Planning/ Development 2020 Actual \$	Planning/ Development 2019 Actual \$	Total 2020 Budget \$	Total 2020 Actual \$	Total 2019 Actual \$
<b>Revenue</b>												
Taxation	-	-	-	-	-	-	1,137	1,137	2,278	78,812	79,893	78,302
User fees and charges	577	535	650	6,413	2,741	7,964	492	554	540	56,659	48,409	57,450
Government grants	43	59	69	224	2,427	1,039	918	990	677	5,250	16,225	16,327
Other	449	564	581	2,466	2,454	2,946	15	228	84	42,586	32,170	66,718
Government business enterprise	-	-	-	-	-	-	-	-	-	-	2,236	1,634
Loss on disposal of tangible capital assets	-	(50)	(1)	-	-	(93)	-	(2)	-	-	(413)	(532)
	1,069	1,108	1,299	9,103	7,622	11,856	2,562	2,907	3,579	183,307	178,520	219,899
<b>Expenditures</b>												
Salaries and wages	1,840	1,523	1,659	9,940	8,328	9,004	2,059	2,048	1,918	74,905	69,044	66,877
Operating materials and supplies	345	86	503	8,503	5,660	8,682	283	289	149	26,858	23,957	31,513
Contracted services	612	564	625	1,122	1,144	1,452	580	660	411	43,431	39,722	41,490
Rents and financial expenses	42	76	48	294	262	297	137	149	176	1,483	1,806	1,791
Interfunctional transfer	184	252	188	462	537	413	16	20	16	-	-	-
External transfer	50	50	50	-	-	250	2,214	2,087	2,979	6,124	3,570	7,956
Amortization	-	174	151	-	5,649	5,629	-	33	44	-	28,182	27,330
Debt service	-	-	-	1,638	1,673	1,736	-	-	-	2,044	2,080	2,153
	3,073	2,725	3,224	21,959	23,253	27,463	5,289	5,286	5,693	154,845	168,361	179,110
<b>Annual Surplus (Deficit)</b>	<b>(2,004)</b>	<b>(1,617)</b>	<b>(1,925)</b>	<b>(12,856)</b>	<b>(15,631)</b>	<b>(15,607)</b>	<b>(2,727)</b>	<b>(2,379)</b>	<b>(2,114)</b>	<b>28,462</b>	<b>10,159</b>	<b>40,789</b>

See accompanying notes

# CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

## SCHEDULES OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2020

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

See accompanying notes

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

**SCHEDULES OF TANGIBLE CAPITAL ASSETS**

for the year ended December 31, 2020

(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>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	23,350
Buildings	181,270	4,705	111	185,864	38,239	3,916	25	143,734
Furniture and equipment	38,422	3,667	961	41,128	19,939	3,729	909	18,369
Vehicles	62,999	6,210	1,713	67,496	39,398	4,747	1,635	24,986
Leasehold Improvements	492	32		524	18	25		481
	338,845	18,816	3,118	354,543	107,805	13,937	2,902	118,840
<b>Infrastructure</b>								
Environmental	467,004	9,964	121	476,847	172,806	6,143	84	297,982
Roads	234,562	13,864	1,347	247,079	114,993	5,488	1,159	127,757
Water	130,674	7,168	306	137,536	49,134	1,762	215	86,855
	832,240	30,996	1,774	861,462	336,933	13,393	1,458	348,868
<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