



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

Consolidated Financial Statements

December 31, 2022



CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

Consolidated Financial Statements

December 31, 2022

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CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO
MANAGEMENT REPORT

December 31, 2022


The accompanying consolidated financial statements of the Corporation of the City of Niagara Falls, Ontario (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.


Municipality management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditor to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Crawford Smith & Swallow, Chartered Professional Accountants LLP, independent external auditors appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Jim Diodati
Mayor
September 10, 2024



Jason Burgess
Chief Administrative Officer
September 10, 2024



**CRAWFORD
SMITH &
SWALLOW**

Chartered Professional Accountants LLP

4741 Queen Street
Niagara Falls, Ontario L2E 2M2
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the 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, 2022, 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, 2022, and the results of its operations, cash flows and change in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

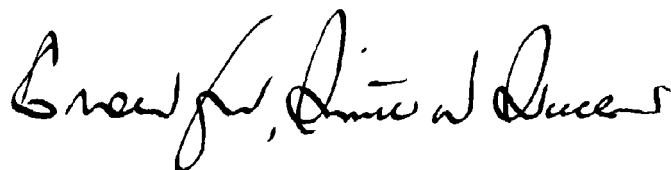
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Niagara Falls, Ontario
September 10, 2024

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

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, 2022

(In thousands of dollars)

	2022	2021
	\$	\$
Financial Assets		
Cash - note 3	144,349	64,748
Investments - note 4	36,311	119,513
Taxes receivable - note 5	16,714	15,194
Accounts receivable	23,855	20,017
User fees receivable	5,979	5,504
Long-term receivables - note 6	474	672
Long-term investment - note 7	98,922	96,732
	326,604	322,380
Liabilities		
Accounts payable and accrued liabilities	34,997	29,665
Deferred revenue - obligatory reserve funds - note 10	61,728	55,643
Deferred revenue - note 11	13,550	12,557
Other liabilities	12,831	11,132
Post-employment benefits - note 12	28,784	29,113
Net long-term liabilities - note 13	65,326	70,040
	217,216	208,150
Net Financial Assets	109,388	114,230
Non-Financial Assets		
Tangible capital assets	868,336	851,967
Inventories and prepaid expenses	3,997	3,751
	872,333	855,718
Accumulated Surplus - note 14	981,721	969,948

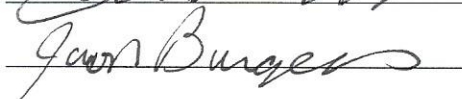
Credit Facilities - note 8

Contingent Liabilities - note 9

Contractual Obligations and Commitments - note 16

Signed on behalf of the Municipality:

 Mayor

 Chief Administrative Officer

See accompanying notes

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED
SURPLUS

for the year ended December 31, 2022
(In thousands of dollars)

	Budget 2022 \$ note 21	Actual 2022 \$	Actual 2021 \$
Revenue			
Taxation - note 5	85,089	86,042	81,936
User fees	57,854	60,665	47,114
Government of Canada grants	1,398	2,780	5,200
Province of Ontario grants	827	3,363	8,247
Other municipal grants	3,063	4,532	3,617
Interest, penalties and fines	2,207	2,979	1,731
Investment income	2,524	2,257	1,504
Casino and gaming revenues	13,800	18,945	8,557
Niagara Falls Hydro Holding Corporation net comprehensive income - note 7		3,644	3,393
Contributions from Obligatory Reserve Funds - note 10		14,448	11,688
Other	12,247	12,647	12,707
Contributed tangible capital assets			40,616
Loss on disposal of tangible capital assets		(1,013)	(2,727)
	179,009	211,289	223,583
Expenses			
General government	19,858	22,277	25,343
Protection to persons and property	33,285	35,980	30,704
Transportation services	40,050	53,726	56,119
Environmental services	36,880	47,572	36,307
Health services	2,240	2,414	2,266
Social and family services	781	771	669
Recreation and cultural services	23,434	30,517	24,212
Planning and development	6,334	6,259	6,008
	162,862	199,516	181,628
Annual Surplus	16,147	11,773	41,955
Accumulated Surplus, Beginning of Year	969,948	969,948	927,993
Accumulated Surplus, End of Year	986,095	981,721	969,948

See accompanying notes

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2022

(In thousands of dollars)

	2022	2021
	\$	\$
Operations		
Annual surplus	11,773	41,955
Changes in non-cash assets and liabilities - note 18	91,101	7,630
Non-cash charges to operations		
Amortization of tangible capital assets	29,939	31,988
Loss on disposal of tangible capital assets	1,013	2,727
Contributed tangible capital assets		(40,616)
Niagara Falls Hydro Holding Corporation net comprehensive income - note 7	(3,644)	(3,393)
Net increase in cash from operations	130,182	40,291
Capital		
Acquisition of tangible capital assets	(47,321)	(49,550)
Investing		
Dividends received from Niagara Falls Hydro Holding Corporation - note 14(c)	1,454	1,441
Net increase in cash from investing	1,454	1,441
Financing		
Long-term debt issued		20,865
Long-term debt repaid	(4,714)	(3,862)
Net increase (decrease) in cash from financing	(4,714)	17,003
Increase in Cash Position	79,601	9,185
Cash Position, Beginning of Year	64,748	55,563
Cash Position, End of Year	144,349	64,748

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, 2022
(In thousands of dollars)

	Budget 2022 \$ note 21	Actual 2022 \$	Actual 2021 \$
Annual Surplus	16,147	11,773	41,955
Acquisition of Tangible Capital Assets	(35,743)	(47,321)	(49,550)
Amortization of Tangible Capital Assets	29,939	29,939	31,988
Loss on Disposal of Tangible Capital Assets	1,013	1,013	2,727
Contributed Tangible Capital Assets			(40,616)
Change in Inventories and Prepaid Expenses - note 18		(246)	(293)
Increase (Decrease) in Net Financial Assets	11,356	(4,842)	(13,789)
Net Financial Assets, Beginning of Year	114,230	114,230	128,019
Net Financial Assets, End of Year	125,586	109,388	114,230

See accompanying notes

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

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, 2022

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, 2022

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.

(vii) Deferred revenue - obligatory reserve funds

Deferred revenue - obligatory reserve funds represents amounts levied or received under the authority of federal and provincial legislation and Municipality by-laws. These amounts have been collected but the related services have yet to be performed - see note 10. 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, 2022

1. Significant Accounting Policies - continued

(b) Basis of accounting - continued

(viii) Deferred revenue

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

(ix) Government transfers

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

(x) Employee future benefits

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

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

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

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, 2022

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	
	2022	2021	2022	2021
	\$	\$	\$	\$
Taxation	38,251	37,741	97,027	93,365
Payments-in-lieu of taxes	3,235	3,307	4,198	4,157
Amounts received or receivable	41,486	41,048	101,225	97,522
Requisitions	41,486	41,048	101,225	97,522
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):

	2022	2021
	\$	\$
Unrestricted	59,745	44,421
Restricted	84,604	20,327
	144,349	64,748

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

4. Investments

Investments have a book value of \$ 36,311,084 (\$ 119,512,888 - 2021) and a market value of \$ 35,324,853 (\$ 119,300,541 - 2021). Included in investments are guaranteed investment certificates (GICs) with interest rate of 1.10% and mature between March 2023 and August 2023. The GICs are subject to insignificant risk of change in value.

5. Taxes Receivable and Revenues

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

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

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

The property taxes receivable, tax revenue and accounts payable and accrued liabilities of the Municipality are subject to measurement uncertainty as a significant number of appeals submitted by ratepayers have yet to be heard. The taxes receivable balance, including penalties and interest, are net of an allowance for doubtful accounts of \$ 233,000 (\$ 920,000 - 2021).

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

	(in thousands of dollars)	
	2022	2021
	\$	\$
Residential and farm taxation	126,135	120,945
Commercial, industrial and business taxation and supplemental taxes	88,174	85,194
Taxation from other governments	14,444	14,367
	228,753	220,506
Payments to Region and School Boards	142,711	138,570
Net Property Taxes and Payments-in-Lieu Available for Municipal Purposes	86,042	81,936

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

6. Long-Term Receivables

Included in long-term receivables are amounts totaling \$ 473,901 (\$ 672,293 - 2021), which are unsecured with, varying terms of repayment and bearing interest at nil (nil - 2021).

7. Investment in Niagara Falls Hydro Holding Corporation

	(in thousands of dollars)	
	2022	2021
	\$	\$
Statement of Financial Position		
Current assets	49,776	50,786
Capital assets	253,552	235,413
Other assets	37,786	37,035
Regulatory assets	16,027	10,326
Total Assets	357,141	333,560
Current liabilities	36,699	37,955
Other liabilities	76,290	69,977
Long-term debt	109,387	95,671
Non-controlling interest - see below	30,614	29,602
Regulatory liabilities	5,229	3,623
Total Liabilities and Other	258,219	236,828
Net Assets	98,922	96,732
Statement of Comprehensive Income		
Revenue	199,883	192,209
Operating expenses	200,038	189,079
Net income before regulatory accounting change	(155)	3,130
Regulatory debit accounting change under Canadian generally accepted accounting principles	5,321	1,422
Net income before non-controlling interest	5,166	4,552
Non-controlling interest - see below	1,522	1,159
Net Comprehensive Income	3,644	3,393

The investment in NFHHC is represented by 2,000 common shares of the company.

On January 1, 2008, Niagara Falls Hydro Inc. acquired Peninsula West Utilities Limited by way of amalgamation pursuant to a Merger Agreement dated December 19, 2007 and continued on as Niagara Peninsula Energy Inc. ("NPEI"). Niagara Falls Hydro Holding Corporation received 74.5% of the issued and outstanding common shares of NPEI.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

7. Investment in Niagara Falls Hydro Holding Corporation - continued

On October 14, 2016, NFHHC acquired an additional 1,500 shares of Niagara Regional Broadband Network resulting in an increase in ownership from 56.25% to 75% for \$ 6,750,000.

On July 12, 2018, NFHHC acquired 750 shares, representing 75% of the total share capital of Spark Enterprises Inc. for \$ 7.50. This acquisition has been written off due to the uncertainty of the performance of Spark Enterprises Inc. On July 12, 2018, NFHHC became a member of the not-for-profit organization Spark Innovation Educational Center Inc.

See subsequent event note 17.

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, 2022, nil (nil - 2021) has been drawn on Facilities #1 and #3 and \$ 222,902 (\$ 199,371 - 2021) 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, 2022, the Municipality has known legal claims outstanding of approximately \$ 22,494,537. 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, 2022 were settled for a total of \$ 21,559. 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, 2022

9. Contingent Liabilities - continued

Visitor Transportation System ("WEGO") - see note 17

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.

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 \$ 16,426,283 (\$ 9,040,250 - 2021).

Niagara Falls Hydro Holding Corporation

The Municipality has guaranteed an overall non-revolving line of credit of Niagara Falls Hydro Holding Company ("NFHHC") in the amount of \$ 30,700,000 which bears interest at the bank's prime lending rate, payable interest only, monthly and is due January 31, 2023, subsequently extended to March 14, 2024. As at December 31, 2022, the line of credit outstanding is \$ 5,000,000 (\$ 5,000,000 - 2021) 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 (2021 - \$ 12,000,000) of which \$ 11,910,187 (2021 - \$ 11,910,187) has been drawn down. The Independent Electricity System Operator is the beneficiary for \$ 11,910,187 (2021 - \$ 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, 2022

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)			
	2021	Externally restricted inflows	Revenue earned	2022
	\$	\$	\$	\$
2% Parkland dedication	1,478	56		1,534
Public purpose	2,725	537		3,262
Canada Community Building fund	15,339	3,163	(4,930)	13,572
Provincial gas tax rebate - transit	3,139	1,695	(3,097)	1,737
Discounted development charges	7,674	1,489	(1,548)	7,615
Non-discounted development charges	20,943	3,628	(2,237)	22,334
Ontario Community Infrastructure Fund	4,345	7,033	(2,841)	8,537
Streamline Development Fund		508	(462)	46
Building Code Act		2,424	667	3,091
	55,643	20,533	(14,448)	61,728

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

11. Deferred Revenue

Deferred revenue includes \$ 4,375,833 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)	
	2022	2021
	\$	\$
Post-employment benefits	13,256	14,106
Long-term disability	586	499
Accumulated sick leave	4,131	3,963
WSIB - Schedule II future liability	9,779	9,453
Vacation pay	1,032	1,092
	28,784	29,113

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 \$ 2,879,192. The actual obligation is \$ 10,376,673.

As a result of actuarial valuations on long-term disability benefits, it was determined that an actuarial gain of \$ 72,711 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 72,711. The actual obligation is \$ 513,392.

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% - 2021) and an inflation rate of 1.75% (1.75% - 2021).

A special purpose reserve has been established for the post-employment benefit liability. The balance as at December 31, 2022 is \$ 509,500 (\$ 509,500 - 2021).

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

12. Post-Employment Benefits - continued

Accumulated Sick Leave

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

As a result of actuarial valuations on the accumulated sick leave liability, it was determined that an actuarial loss of \$ 2,059,109 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 452,381. The actual obligation is \$ 4,583,697.

A reserve fund has been established for the accumulated sick leave liability. The balance as at December 31, 2022 is \$ 1,471,281 (\$ 1,477,860 - 2021) - 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% - 2021) and an inflation rate of 1.75% (1.75% - 2021).

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% - 2021) and an inflation rate of 1.75% (1.75% - 2021).

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 \$ 591,094. The actual obligation is \$ 10,369,949.

A reserve fund has been established for this liability. The balance as at December 31, 2022 is \$ 1,407,040 (\$ 1,403,573 - 2021) - see note 14.

The next valuation for all benefit groups is for the year ending December 31, 2025.

Vacation Pay

As a result of an actuarial valuation on the accumulated vacation pay liability, it was determined that an actuarial gain of \$ 795,761 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 92,238. The actual obligation is \$ 940,088.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

12. Post-Employment Benefits - continued

Pension Agreements

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

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2022, the estimated accrued pension obligation for all members of the Plan was \$ 128,789 million (\$ 119,342 million - 2021). The Plan had an actuarial value of net assets at that date of \$ 122,111 million (\$ 116,211 million - 2021) indicating an actuarial deficit of \$ 6,100 million (\$ 69 million - 2021). 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 2022 was \$ 5,728,354 (\$ 5,450,016 - 2021) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

On January 1, 2022, the yearly maximum pension earnings increased to \$ 64,900 from \$ 61,600 in 2021. The contributions are calculated at a rate of 9.2% (9% - 2021) for amounts up to the yearly maximum pension earnings stated above and at a rate of 15.8% (14.6% - 2021) 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)	
	2022	2021
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 1.95% to 5.35% and outstanding during the year is	\$ 65,326	\$ 70,040

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

13. Net Long-Term Liabilities - continued

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

	\$
2023	4,680,447
2024	4,653,571
2025	4,798,272
2026	4,949,494
2027	3,921,334
Thereafter	42,323,259

- (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 \$ 2,466,746 (\$ 2,073,266 - 2021) 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)	
	2022	2021
	\$	\$
Invested in tangible capital assets	868,336	851,967
Capital fund	(5,012)	16,301
Operating fund	7,490	7,934
Reserves and reserve funds	106,095	96,167
Niagara Falls Hydro Holding Corporation net equity	98,922	96,732
	<u>1,075,831</u>	<u>1,069,101</u>
Amount to be recovered - post-employment benefits	(28,784)	(29,113)
Amount to be recovered - net long-term liabilities	(65,326)	(70,040)
	<u>(94,110)</u>	<u>(99,153)</u>
	981,721	969,948

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

14. Accumulated Surplus - continued

(a) Operating fund balance

	(in thousands of dollars)	
	2022	2021
	\$	\$
For general reduction of taxation	329	338
For general reduction of user charges respecting waterworks	647	657
For general reduction of user charges respecting wastewater	338	333
For general use by the parking fund	40	40
For general use by the Library Board	270	426
For general use by the Business Improvement Areas and Convention Centre	5,547	5,854
For general use by the Airport Commission	319	286
	7,490	7,934

(b) Reserves and reserve fund balances

	(in thousands of dollars)	
	2022	2021
	\$	\$
Reserves set aside by Council for specific purposes:		
Working funds	265	265
Operating special purposes:		
General	7,533	13,278
Water	1,446	1,648
Wastewater	5,974	5,688
Capital special purposes:		
General	15,406	15,106
Water	10,115	7,518
Wastewater	6,955	3,111
Total Reserves	47,694	46,614

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

14. Accumulated Surplus - continued

(b) Reserves and reserve fund balances - continued

	(in thousands of dollars)	
	2022	2021
	\$	\$
Reserve Funds set aside by council for specific purposes:		
Branscombe Family Grant	4	4
Capital/Operations - see note 16	7,601	7,588
Coat of Arm's	3	3
Drainage	781	784
Expansion and renewal	287	288
FMC/Visitor Transportation System	1,901	3,351
Future municipal works	765	768
Hospital - note 16	24,590	23,252
Library funds	2,004	1,705
Licence agreements - 40 years	2	2
Lot drainage	201	202
Lundy's Lane business improvement purposes	117	117
Lundy's Lane Museum	5	5
Niagara Tunnel Community Improvement	132	133
Ontario Lottery and Gaming	13,824	5,307
OMCC Grant	395	385
Parking	46	46
Prepaid works projects contributions	251	252
Projects - special needs children	19	19
Recreation trail development	90	90
Sanitary	488	491
Sewer and water impost	1,628	1,636
Sick leave liability - note 12	1,471	1,478
Sidewalk construction	39	39
Sports fund	6	6
Tree planting - developers	80	81
Water patrol boat	15	15
Willoughby museum	104	102
WSIB - Schedule II - note 12	1,407	1,404
Victoria BIA Centre	145	
Total Reserve Funds	58,401	49,553
Total Reserves and Reserve Funds	106,095	96,167

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

14. Accumulated Surplus - continued

(c) Niagara Falls Hydro Holding Corporation net equity

	(in thousands of dollars)	
	2022	2021
	\$	\$
Balance, beginning of year	96,732	94,780
Net income	3,644	3,393
Dividends - non-controlling interest	(1,454)	(1,441)
Balance, end of year	98,922	96,732

15. Trust Funds

Trust funds administered by the Municipality amounting to \$ 5,280,886 (\$ 4,814,181 - 2021) 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, 2022 is approximately \$ 71,021,195 (\$ 71,789,313 - 2021) after deducting the expenditures incurred as at December 31, 2022. 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, 2022

16. Contractual Obligations and Commitments - continued

South Niagara Site Hospital

The South Niagara Site Hospital (the "Project") construction budget estimate is approximately \$ 1 billion. The Province is expected to fund the majority of the Project. Six southern tier local area municipalities, namely Niagara Falls, Fort Erie, Pelham, Port Colborne, Wainfleet and Welland, are requested to contribute approximately \$ 40 million to \$ 50 million toward the total local share contribution of \$ 200 million to \$ 230 million. At this time, it is uncertain how the total local share contribution will be allocated between the six southern tier municipalities. Subsequent to year-end, construction budget discussions related to the Project resulted in an estimated amount of \$ 30 to \$ 32 million to be contributed by the Municipality (previously \$ 22 million). Subsequent to year-end, the Municipality committed to a local share contribution of \$ 30 million payable by the date of substantial completion of the South Niagara Hospital, estimated to be March, 2028. In addition, the Municipality invested the reserve fund balance in accordance with the City's Investment Policy with a forecasted maturity value of \$ 30 million total, with approximately \$ 14 million maturing during 2027 and \$ 16 million maturing during the first quarter of 2028. A reserve fund has been established for this estimated contribution. The balance as at December 31, 2022 is \$ 24,589,737 ((\$ 23,252,427 - 2021) - see note 14b).

17. Subsequent Events

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

The WEGO service, also known as the Visitor Transportation System (the "VTS"), which also operates within the Municipality, will continue to operate post-amalgamation. The Municipality entered into lease and operations agreements with the Commission to ensure continuity of service for the remainder of the VTS agreement term which ends September 2, 2024.

Subsequent to year-end and before the issuance of these financial statements, Niagara Falls Hydro Holding Corporation entered into a definitive agreement for the sale of its shares in Niagara Regional Broadband Network Limited. The transaction was completed on February 5, 2024. The effects of this transaction will be reflected in the Municipality's 2024 financial statements.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

18. Statement of Cash Flows

Changes in cash components include:

	(in thousands of dollars)	
	2022	2021
	\$	\$
Change in investments	83,202	589
Change in taxes receivable	(1,520)	7,122
Change in accounts receivable	(3,838)	(11,220)
Change in user fees receivable	(475)	359
Change in long-term receivables	198	242
Change in inventories and prepaid expenses	(246)	(293)
Change in accounts payable and accrued liabilities	5,332	1,750
Change in deferred revenue - obligatory reserve funds	6,085	8,545
Change in deferred revenue	993	(1,054)
Change in other liabilities	1,699	1,837
Change in post-employment benefits	(329)	(247)
	91,101	7,630

19. Contributions to Joint Board

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

	(in thousands of dollars)	
	2022	2021
	\$	\$
Niagara District Airport Commission	296	289

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

20. Segmented Reporting

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

General Government

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

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

20. Segmented Reporting - continued

Protection

Reported in this functional area are Fire, Policing for the Casino Districts and Building Services. The mandate of Fire Services is to provide emergency services through a range of services to protect the lives and property of the inhabitants of the Municipality. The Municipality has an arrangement with the Regional Municipality of Niagara Police Services Board that requires the Municipality to pay for its share of policing costs related to the casino districts. The mandate of Building Services is to inform and assist customers to ensure safe and orderly development and provide efficient delivery of building approvals, inspections and management systems.

Transportation

Reported in this functional area are Roads, Parking and Transit Services. The mandate for Roads is to provide quality road and traffic maintenance and operations to the residents and businesses of the Municipality. This area is also responsible for winter control. The Parking system provides public parking opportunities and enforcement regulations throughout the Municipality. The mandate of Transit is to provide a safe, reliable, convenient and efficient public transportation system within the urban area.

Environment

Reported in this functional area are Sanitary, Storm and Water Systems. The mandate is to provide a safe and reliable water resource system and is responsible for the maintenance and operation of the systems and monitoring and administering environmental programs.

Health and Social and Family Services

Reported in this area is Cemetery Services and the Older Adult (60 Plus) Recreation Centre (the "Centre"). The mandate of Cemetery Services is to ensure the benefit and protection of each citizen who has purchased or has an interest in 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.

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

20. Segmented Reporting - continued

Planning and Development

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

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

21. Budget Figures

The consolidated operating budget for the year ended 2022 includes the budgets approved by the Municipality, several boards and municipal enterprises and is reflected on the Consolidated Statement of Operations and Accumulated Surplus. These numbers have not been audited but are presented for information purposes only. The budgets established for capital funds, reserves and reserve funds are on a project-oriented basis, the costs of which may be carried out over one or more years. As such, they are not directly comparable with current year actual amounts and have not been reflected. Budget figures have been reclassified to comply with PSAB reporting requirements.

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

	(in thousands of dollars)
	Budget \$
Approved Operating Surplus	-
Add:	
Library operating surplus (before capital, debt and transfers to reserves)	337
Niagara Civic and Convention Centre operating surplus	704
Net transfers to reserves	10,213
Principal repayment of long-term liabilities	5,072
Airport operating deficit (before capital and debt)	(179)
Surplus Reported on the Consolidated Statement of Operations and Accumulated Surplus	16,147

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

SCHEDULE OF SEGMENTED REPORTING

for the year ended December 31, 2022

(In thousands of dollars)

	General Government 2022 Budget \$	General Government 2022 Actual \$	General Government 2021 Actual \$	Protection 2022 Budget \$	Protection 2022 Actual \$	Protection 2021 Actual \$	Transportation 2022 Budget \$	Transportation 2022 Actual \$	Transportation 2021 Actual \$	Environment 2022 Budget \$	Environment 2022 Actual \$	Environment 2021 Actual \$
Revenue												
Taxation	83,872	84,825	81,210	-	-	-	-	-	-	-	-	-
User fees and charges	331	352	374	129	226	137	1,987	2,882	1,639	48,541	48,974	41,930
Government grants	526	893	1,199	-	-	332	2,938	5,996	10,284	-	1,267	1,998
Other	21,294	30,070	14,507	1,838	(91)	1,887	4,290	14,168	28,400	347	3,408	26,913
Government business enterprise	-	3,644	3,393	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of tangible capital assets	-	(294)	(1,070)	-	-	1	-	(437)	(603)	-	(122)	(304)
	106,023	119,490	99,613	1,967	135	2,357	9,215	22,609	39,720	48,888	53,527	70,537
Expenditures												
Salaries and wages	14,301	13,288	11,595	26,161	26,360	24,955	21,634	22,513	20,271	5,093	4,844	4,729
Operating materials and supplies	6,270	7,023	11,441	1,818	1,888	630	8,945	10,175	11,117	1,636	1,644	1,442
Contracted services	1,743	2,059	2,413	3,402	4,325	2,312	6,088	5,620	8,760	28,376	30,073	19,697
Rents and financial expenses	329	235	129	198	183	191	385	357	474	313	275	278
Interfunctional transfer	(5,943)	(6,248)	(5,642)	1,457	1,555	1,361	2,903	3,143	2,820	918	908	794
External transfer	2,958	4,183	1,950	-	21	-	-	-	-	-	-	-
Amortization	-	1,537	3,376	-	1,399	1,240	-	11,823	12,658	-	9,606	9,119
Debt service	200	200	81	249	249	15	95	95	19	544	222	248
	19,858	22,277	25,343	33,285	35,980	30,704	40,050	53,726	56,119	36,880	47,572	36,307
Annual Surplus (Deficit)	86,165	97,213	74,270	(31,318)	(35,845)	(28,347)	(30,835)	(31,117)	(16,399)	12,008	5,955	34,230

See accompanying notes

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

SCHEDULE OF SEGMENTED REPORTING

for the year ended December 31, 2022

(In thousands of dollars)

	Health/ Social 2022 Budget \$	Health/ Social 2022 Actual \$	Health/ Social 2021 Actual \$	Recreation/ Culture 2022 Budget \$	Recreation/ Culture 2022 Actual \$	Recreation/ Culture 2021 Actual \$	Planning/ Development 2022 Budget \$	Planning/ Development 2022 Actual \$	Planning/ Development 2021 Actual \$	Total 2022 Budget \$	Total 2022 Actual \$	Total 2021 Actual \$
Revenue												
Taxation	-	-	-	-	-	-	1,217	1,217	726	85,089	86,042	81,936
User fees and charges	612	705	554	5,741	6,922	1,875	513	604	605	57,854	60,665	47,114
Government grants	43	128	86	219	761	1,608	1,562	1,630	1,557	5,288	10,675	17,064
Other	461	360	849	1,750	2,277	2,858	798	1,084	1,389	30,778	51,276	76,803
Government business enterprise	-	-	-	-	-	-	-	-	-	-	3,644	3,393
Gain (loss) on disposal of tangible capital assets	-	(15)	(31)	-	(145)	(720)	-	-	-	-	(1,013)	(2,727)
	1,116	1,178	1,458	7,710	9,815	5,621	4,090	4,535	4,277	179,009	211,289	223,583
Expenditures												
Salaries and wages	1,705	1,598	1,548	11,077	10,273	9,082	2,296	2,343	2,243	82,267	81,219	74,423
Operating materials and supplies	343	425	238	8,238	9,288	5,918	257	114	245	27,507	30,557	31,031
Contracted services	251	241	625	1,725	2,843	1,440	2,365	1,952	767	43,950	47,113	36,014
Rents and financial expenses	38	36	50	279	292	284	180	1	123	1,722	1,379	1,529
Interfunctional transfer	232	234	235	414	383	412	19	25	20	-	-	-
External transfer	452	452	50	-	452	-	1,217	1,734	2,570	4,627	6,842	4,570
Amortization	-	199	189	-	5,285	5,366	-	90	40	-	29,939	31,988
Debt service	-	-	-	1,701	1,701	1,710	-	-	-	2,789	2,467	2,073
	3,021	3,185	2,935	23,434	30,517	24,212	6,334	6,259	6,008	162,862	199,516	181,628
Annual Surplus (Deficit)	(1,905)	(2,007)	(1,477)	(15,724)	(20,702)	(18,591)	(2,244)	(1,724)	(1,731)	16,147	11,773	41,955

See accompanying notes

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

SCHEDULES OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2022

(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	
	\$	\$	\$	\$	\$	\$	\$	\$
2022								
General								
Land	30,194	7,187	20	37,361				37,361
Land improvements	43,488	6,096	295	49,289	14,023	1,941	229	33,554
Buildings	196,290	1,156	601	196,845	51,078	4,322	255	141,700
Furniture and equipment	44,871	2,278	868	46,281	28,972	3,474	868	14,703
Vehicles	80,675	1,615	3,217	79,073	48,927	4,597	3,153	28,702
Leasehold Improvements	644			644	98	32		130
	396,162	18,332	5,001	409,493	143,098	14,366	4,505	152,959
Infrastructure								
Environmental	513,324	6,029	341	519,012	191,291	6,855	302	321,168
Roads	273,081	10,770	2,762	281,089	128,476	6,150	2,368	148,831
Water	161,259	4,845	287	165,817	54,295	2,568	203	109,157
	947,664	21,644	3,390	965,918	374,062	15,573	2,873	386,762
Work in Progress	25,301	45,163	37,818	32,646				32,646
	1,369,127	85,139	46,209	1,408,057	517,160	29,939	7,378	539,721

See accompanying notes

CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO

SCHEDULES OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2022

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

See accompanying notes