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Consolidated Financial Statements of

**THE CORPORATION OF THE  
TOWN OF NIAGARA-ON-THE-LAKE**

And Independent Auditors' Report Thereon

Year ended December 31, 2019



KPMG LLP  
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## INDEPENDENT AUDITORS' REPORT

To The Members of Council, Inhabitants and Ratepayers of  
The Corporation of the Town of Niagara-on-the-Lake

### ***Opinion***

We have audited the financial statements of The Corporation of Niagara-on-the-Lake (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2019;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and notes and schedule to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019 and its consolidated results of operations, and its consolidated cash flows 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 Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the 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 the 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:

- Identify and assess the risks of material misstatement of the 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.



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- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada  
July 22, 2020

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Consolidated Statement of Financial Position


December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets</b>		
Cash	\$ 22,734,227	\$ 18,262,180
Investments	-	43,026
Taxes receivable		
Current year	1,494,345	1,241,090
Previous years	829,178	763,090
Accounts receivable	4,563,355	4,829,389
Debt recoverable from others (note 6)	29,847	35,451
Note receivable (note 3)	6,674,812	7,624,743
Long-term investment (note 2)	20,564,632	19,502,263
	<u>56,890,396</u>	<u>52,301,232</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	10,958,524	10,621,816
Deferred revenue (note 4)	14,176,482	12,719,206
Post-employment benefits (note 5)	1,147,868	1,175,414
Net long term liabilities (note 6)	3,795,291	2,431,132
	<u>30,078,165</u>	<u>26,947,568</u>
<b>Net financial assets</b>	<u>26,812,231</u>	<u>25,353,664</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 13)	190,447,038	187,279,558
Inventories and prepaid expenses	330,669	637,076
	<u>190,777,707</u>	<u>187,916,634</u>
Commitments (note 8)		
Contingent liabilities (note 9)		
Subsequent event (note 17)		
<b>Accumulated surplus (note 7)</b>	<u>\$217,589,938</u>	<u>\$213,270,298</u>

The accompanying notes are an integral part of these consolidated financial statements.

Signed on behalf of the Municipality:

  
\_\_\_\_\_  
Lord Mayor

  
\_\_\_\_\_  
Chief Administrative Officer

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Consolidated Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	Budget (note 12)	2019	2018
<b>Revenues</b>			
Taxation	\$ 13,033,104	\$ 13,175,952	\$ 12,410,221
User fees and charges	13,637,017	15,595,968	15,129,117
Government of Canada grants (note 14)	535,220	1,046,981	1,695,817
Province of Ontario grants (note 14)	1,415,559	1,572,233	1,547,102
Other municipality funding (note 14)	80,000	239,105	196,255
Deferred revenues earned	1,558,663	2,181,272	2,324,739
Interest and penalties	330,000	378,359	342,024
Investment income	462,273	674,892	638,260
Donations	29,000	195,924	372,120
Contributed assets	561,465	561,465	114,269
Gain on disposition of tangible capital assets	-	-	576,618
Other	2,158,313	1,895,578	1,568,364
Equity income of Niagara-on-the-Lake Energy Inc. (note 2)	-	1,562,369	1,246,519
<b>Total revenues</b>	<b>33,800,614</b>	<b>39,080,098</b>	<b>38,161,425</b>
<b>Expenses</b>			
General government	3,232,276	3,799,652	2,409,147
Protection services	3,844,482	3,425,375	3,345,149
Transportation services	7,780,777	7,691,797	7,349,169
Environmental services	11,123,122	12,027,904	10,696,416
Health services	449,297	604,533	644,511
Recreation	3,821,543	5,645,857	5,403,102
Planning and development	2,000,927	1,565,340	2,104,402
<b>Total expenses</b>	<b>32,252,424</b>	<b>34,760,458</b>	<b>31,951,896</b>
Annual surplus	1,548,190	4,319,640	6,209,529
Accumulated surplus, beginning of year	213,270,298	213,270,298	207,060,769
<b>Accumulated surplus, end of year</b>	<b>\$ 214,818,488</b>	<b>\$ 217,589,938</b>	<b>\$ 213,270,298</b>

The accompanying notes are an integral part of these consolidated financial statements.

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Annual surplus	\$ 4,319,640	\$ 6,209,529
Acquisition of tangible capital assets	(8,731,389)	(14,258,143)
Contributed tangible capital assets	(561,465)	(114,269)
Amortization of tangible capital assets	5,804,808	5,621,136
Proceeds on disposal of tangible capital assets	201,133	681,813
Loss (gain) on disposal of tangible capital assets	119,433	(576,618)
Change in inventories and prepaid expenses	306,407	(117,573)
	1,458,567	(2,554,125)
Net financial assets, beginning of year	25,353,664	27,907,789
Net financial assets, end of year	\$ 26,812,231	\$ 25,353,664

The accompanying notes are an integral part of these consolidated financial statements.

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Consolidated Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
<b>Operations</b>		
Annual surplus	\$ 4,319,640	\$ 6,209,529
Items not involving cash:		
Amortization of tangible capital assets	5,804,808	5,621,136
Contributed assets	(561,465)	(114,269)
Niagara-on-the-Lake Energy net income	(1,562,369)	(1,246,519)
Loss (gain) on disposal of tangible capital assets	119,433	(576,618)
	8,120,047	9,893,259
Change in non-cash assets and liabilities:		
Taxes receivable	(319,343)	(345,140)
Accounts receivable	266,034	(41,668)
Inventories and prepaid expenses	306,407	(117,573)
Accounts payable and accrued liabilities	336,708	1,480,957
Deferred revenue	1,457,276	124,301
Post-employment benefits	(27,546)	58,952
Cash from operations	10,139,583	11,053,088
<b>Capital</b>		
Proceeds on disposal of tangible capital assets	201,133	681,813
Acquisition of tangible capital assets	(8,731,389)	(14,258,143)
Cash from capital activities	(8,530,256)	(13,576,330)
<b>Investing</b>		
Dividend received	500,000	500,000
Decrease (Increase) in investments	48,630	(386)
Decrease in note receivable	949,931	854,158
Cash from investing	1,498,561	1,353,772
<b>Financing</b>		
Increase in long-term debt	1,805,324	-
Debt principal repayments	(441,165)	(611,437)
Cash from financing	1,364,159	(611,437)
<b>Increase (decrease) in cash</b>	<b>4,472,047</b>	<b>(1,780,907)</b>
<b>Cash, beginning of year</b>	<b>18,262,180</b>	<b>20,043,087</b>
<b>Cash, end of year</b>	<b>\$ 22,734,227</b>	<b>\$18,262,180</b>

The accompanying notes are an integral part of these consolidated financial statements.



# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

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The Corporation of the Town of Niagara-on-the-Lake (the "Town") is a municipality in the Province of Ontario that provides municipal services such as fire, public works, planning, parks and recreation, library and other general government operations.

### 1. Significant accounting policies:

The consolidated financial statements of the Town are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board ("PSAB") of CPA Canada. Significant accounting policies adopted by the Town are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of the Town's financial affairs and resources to the Town which are owned or controlled by the Town except for the Town's government business enterprise, Niagara-on-the-Lake Energy Inc., which is accounted for on the modified equity basis of accounting as described below. These reporting entities and organizations include the Public Library Board. Interdepartmental and inter-organizational transactions and balances between these entities and organizations have been eliminated.

The investment in Niagara-on-the-Lake Energy Inc. ("NOTLEI") is accounted for on a modified equity basis, consistent with the accounting treatment for government business enterprises. Under the modified equity basis, NOTLEI's accounting principles are not adjusted to conform with those of the Town, and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of NOTLEI in its Consolidated Statement of Operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from NOTLEI are reflected as reductions in the investment account.

(ii) Partial-consolidated entities:

The Niagara District Airport Commission is operated with a joint local board and is proportionately consolidated. The Town's share is 6%.

(iii) Accounting for Region and School Board transactions:

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Regional Municipality of Niagara are not reflected in these consolidated financial statements.

(iv) Trust funds:

Trust funds and their related operations are not included in these consolidated financial statements.

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

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### 1. Significant accounting policies (continued):

(b) Basis of accounting:

The Town follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned 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.

(c) 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 excess of revenues over expenses, provides the change in net financial assets for the year.

(i) 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 prepare the asset for its intended use.

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. Work in progress assets are not amortized until the asset is available for productive use, at which time amortization commences. Gains and/or losses on the disposal of an asset are recorded on the Consolidated Statement of Operations in the year of disposal.

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

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

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

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### 1. Significant accounting policies (continued):

(c) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Asset Class	Useful Life (Years)
General Assets:	
Land improvements	5 to 60
Buildings and fixtures	5 to 50
Machinery and equipment	5 to 40
Information technology	2 to 15
Vehicles	5 to 20
Other	5 to 50
Infrastructure:	
Linear	10 to 80
Street lighting	7 to 60
Other	7 to 50

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Interest on debt incurred during construction of related tangible capital assets is expensed in the Consolidated Statement of Operations in the year incurred.

(ii) Inventories:

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

(d) Deferred revenue:

Deferred revenue represents licenses, permits, grants and other fees which have been collected, but for which the related services or inspections have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(e) Government transfers:

Government transfers received are from federal and provincial governments. Transfers are recognized in the period in which the events giving rise to the transfers occur, providing the transfers are authorized, eligibility criteria are met, and reasonable estimates of the amounts can be made except when, and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished. Government transfers are paid to community organizations. Government transfers paid are recognized as a liability and expense when the transfer is authorized and all eligibility criteria have been met by the recipient.

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

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### 1. Significant accounting policies (continued):

(f) 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.

(g) Deferred revenue - obligatory reserve funds:

Deferred revenue - obligatory reserve funds represents development charge contributions, payments in lieu of parking and parkland and gas tax, levied or received under the authority of federal and provincial legislation. These amounts have been collected but the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(h) 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 fund balance and forms part of the deferred revenue balance.

(i) Other income:

Other income is recognized as revenue when the service is performed.

(j) Investments:

Investments are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

(k) Post-employment benefits:

(i) The Town provides certain employee benefits which will require funding in future periods. These benefits include long-term disability, benefits under the Workplace Safety and Insurance Board ("WSIB") Act, and extended health and dental benefits for early retirees.

The costs of life insurance, benefits under WSIB, life insurance, and extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, earned days accumulated for certain employees payable at retirement, health care cost trends, long term inflation rates and discount rates.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as service payments and health and dental benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

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### 1. Significant accounting policies (continued):

#### (k) Post-employment benefits (continued):

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and disability 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.

- (ii) The costs of multi-employer defined benefit pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period. OMERS has been accounted for as a defined contribution plan since it is a multi-employer plan.

#### (l) Note receivable

The note receivable is valued at cost. Recoverability is assessed annually and a valuation allowance is recorded when recoverability is impaired. The note receivable is written off when it is no longer recoverable. Recoveries of note receivable previously written off are recognized as revenue in the year received. Interest revenue is recognized as it is earned. Note receivable with significant concessionary terms, (such as non-interest bearing notes) are accounted for as a grant and presented as an expense on the Consolidated Statement of Operations.

#### (m) Use of estimates:

The preparation of the financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimation provisions for accrued liabilities and in performing actuarial valuations of post-employment benefits liability and the valuation of contributed assets. Actual results could differ from those estimates.

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

### 2. Investments in Niagara-on-the-Lake Energy Inc.:

The investment in Niagara-on-the-Lake Energy Inc. is represented by 1,001 common shares of the company. Summary financial information is as follows:

#### Financial Position:

	2019	2018
<b>Assets:</b>		
Current	\$ 5,404,720	\$ 5,571,410
Capital	33,762,453	31,558,760
Other non-current	6,730,839	6,159,333
Regulatory balances	1,230,580	823,319
<b>Total assets and regulatory balances</b>	<b>\$ 47,128,592</b>	<b>\$ 44,112,822</b>
<b>Liabilities:</b>		
Current	\$ 5,391,090	\$ 6,185,159
Notes payable to Town of Niagara-on-the-Lake	6,674,812	7,624,743
Long-term debt	5,265,857	3,762,704
Other	8,169,853	5,849,837
Regulatory balances	1,062,348	1,188,525
Equity	20,564,632	19,501,854
<b>Total liabilities, regulatory balances and equity</b>	<b>\$ 47,128,592</b>	<b>\$ 44,112,822</b>

#### Operations:

	2019	2018
Revenue	\$ 32,481,247	\$ 29,713,437
Expenses (including income tax provision)	31,452,316	29,183,879
Net movement in regulatory balances (net of tax)	533,438	716,961
Net income and net movement in regulatory balances	1,562,369	1,246,519
Dividend paid to Town of Niagara-on-the-Lake	(500,000)	(500,000)
Change in investment in Niagara-on-the-Lake Energy Inc.	\$ 1,062,369	\$ 746,519

#### Town of Niagara-on-the-Lake investment represented by:

	2019	2018
Investment in shares of the Corporation	\$ 7,054,844	\$ 7,054,844
Accumulated net income, net of dividends received	13,509,788	12,447,419
<b>Total investment in Niagara-on-the-Lake Energy Inc.</b>	<b>\$ 20,564,632</b>	<b>\$ 19,502,263</b>

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

### 3. Note receivable:

The notes receivable are comprised of the following:

	2019	2018
Note 1	\$ 1,739,643	\$ 2,099,635
Note 2	1,664,326	1,954,706
Note 3	1,240,843	1,430,402
Note 4	2,030,000	2,140,000
	<u>\$ 6,674,812</u>	<u>\$ 7,624,743</u>

Note 1 bears interest at 7.25%, is unsecured and is repayable in the aggregate principal and interest of \$500,000. Note 2 bears interest at 3.0%, is due on demand and is repayable in blended monthly payments of \$29,409. Note 3 bears interest at 3.5%, is due on demand and is repayable in blended monthly payments of \$19,640. Note 4 bears interest at 3.0% and is due on demand. The Town has waived its right to demand payment on notes 2 to 4 until January 1, 2021. These notes have been postponed in favour of the demand instalment loan owing by NOTLEI. The notes are unsecured.

### 4. Deferred revenue:

A requirement of PSAS 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 Town has approved the expenditures and used the funds for the capital project for which the development charges were raised. These funds have been set aside, as required by the Development Charges Act, to support the cost of growth related capital projects associated with new development.

The deferred revenues are made up of the following:

	2018	Externally restricted inflows	Revenue earned	2019
Building permit surplus	\$ 1,480,475	\$ 272,482	510,992	1,241,965
Canada gas tax	177,313	1,038,785	951,688	264,410
Cash-in-lieu of parking	356,618	-	3,287	353,331
Development charges	9,826,211	2,159,751	1,558,663	10,427,299
Ontario Community Infrastructure Fund	119,395	799,169	918,564	-
Recreational land	327,249	317,627	108,330	536,546
Main Street revitalization	53,137	-	-	53,137
Provincial Modernization Fund	-	725,000	-	725,000
Other deferred	378,808	195,986	-	574,794
	<u>\$12,719,206</u>	<u>\$ 5,508,800</u>	<u>\$ 4,051,524</u>	<u>\$ 14,176,482</u>

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

### 5. Post-employment benefits and other liabilities:

The Town provides certain employees benefits which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance ("WSIB") Act, and life insurance, extended health, and dental benefits to early retirees.

	2019	2018
Retiree benefits	\$ 569,676	\$ 575,424
Accrued vacation pay	308,065	328,339
Accumulated sick leave	43,325	40,285
Future payments required to WSIB	226,802	231,366
	<u>\$ 1,147,868</u>	<u>\$ 1,175,414</u>

Information about the Town's benefit plans is as follows:

	2019	2018
Accrued benefit obligation:		
Balance, beginning of year	\$ 1,257,510	\$ 1,063,502
Current benefit cost	6,004	92,397
Interest	27,168	27,805
Actuarial loss	-	153,138
Benefits paid	(68,035)	(79,332)
Balance, end of year	<u>1,222,647</u>	<u>1,257,510</u>
Unamortized actuarial loss	(74,779)	(82,096)
Liability for benefits	<u>\$ 1,147,868</u>	<u>\$ 1,175,414</u>

Amortization of the actuarial loss of \$7,317 (2018 - \$18,082) has been included in expenses on the Consolidated Statement of Operations.

#### (i) Accumulated Sick Leave

Under the Town's sick leave benefit plan, employees can choose either carry forward up to 5 unused days to the next year, have all unused credits paid out at the end of the year, or any combination of the two choices. Credits are paid out at 50%. The accrued benefit obligation and the expense for the year ended December 31, 2019 were determined by an actuarial valuation. The last actuarial valuation was performed in 2018 as at December 31, 2017 year-end.



# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

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### 5. Employee benefits and other liabilities (continued):

#### (ii) Retiree Benefits

The Town pays health care, dental, travel and life insurance benefits for early retirees to age 65. The Town recognizes these post-retirement costs in the period in which the employees rendered the services. The accrued benefit liability and the expense for the year ended December 31, 2019 were determined by an actuarial valuation and analysis of changes made to plans since the last valuation. The last actuarial valuation was performed in 2018 for the December 31, 2017 year-end.

#### (iii) Accrued WSIB

The Town has elected to be treated as a Schedule 1 employer for the purposes of WSIB where a premium is paid to cover the Town's responsibilities under the Workplace Safety and Insurance Board Act ("WSIB"). WSIB has provided the Town an estimate of the value of the future benefits for which the Town is responsible.

#### (iv) Actuarial Assumptions

The main actuarial assumptions employed for the valuations are as follows:

*Interest (discount rate):*

The accrued benefit obligation was determined using a discount rate of 4% (2018 - 4.0%).

*Inflation:*

Inflation was assumed to be 1.75% (2018 - 1.75%).

*Medical, dental and travel costs:*

Medical, dental and travel costs are assumed to increase at a rate of 6.42% in 2019 per year reducing by 0.3333% per year to 3.75% in 2027 and to 3.75% per year thereafter.

*Salary escalations:*

Future salary has been assumed to escalate at a rate of 2.75% per year (2018 - 2.75%).

#### (v) Pension Agreements

The Town makes contributions to the Ontario Municipal Employees Retirement Fund ("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 amount contributed to OMERS for 2019 was \$764,601 (2018 - \$706,011) for current service and is included as an expenditure in the consolidated statement of operations. Employees' contribution to OMERS in 2019 was \$764,601 (2018 - \$706,011).

Contributions for employees with a normal retirement age of 65 were being made at a rate of 9% for earnings up to the yearly maximum pensionable earnings of \$57,400 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings.

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

### 5. Employee benefits and other liabilities (continued):

#### (v) Pension Agreements (continued)

The OMERS pension plan has a deficit at December 31, 2019 of \$3.4 billion (2018 - \$4.2 billion) based on an actuarial valuation of plan assets.

### 6. Net long-term liabilities:

- (a) The balance of net long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2019	2018
The Town has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities.	\$ 3,795,291	\$ 2,431,132
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage, have been assumed by individuals.	(29,847)	(35,451)
<b>Net long-term liabilities, end of year</b>	<b>\$ 3,765,444</b>	<b>\$ 2,395,681</b>

- (b) The long-term liabilities in (a) issued in the name of the municipality have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) Of the net long-term liabilities reported in (a) of this note, principal payments are as follows:

2020	\$ 549,863
2021	333,786
2022	344,765
2023	294,293
2024	304,458
Thereafter	1,938,279
	<b>\$ 3,765,444</b>

- (d) Interest charges on long-term debt in the amount of \$83,361 (2018 - \$122,542) are included on the Consolidated Statement of Operations, classified under the appropriate functional expense heading. The long-term debt bears interest at rates ranging from 1.35% to 10.45% payable semiannually. The long-term liabilities mature at various times up to 2034.

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

### 7. Accumulated surplus:

	2019	2018
Invested in tangible capital assets	\$ 190,447,038	\$ 182,279,558
Operating fund	(1,977,171)	1,713,132
Reserves and reserve funds	13,468,751	13,346,440
Investment in Niagara-on-the-Lake Energy Inc.	20,564,632	19,502,263
	222,503,250	216,841,393
Amounts to be recovered		
Post-employment benefits	(1,147,868)	(1,175,414)
Net long-term liabilities	(3,765,444)	(2,395,681)
	(4,913,312)	(3,571,095)
	\$ 217,589,938	\$ 213,270,298

Reserve and reserve balances:

	2019	2018
Reserves set aside by Council for specific purposes:		
Base mapping	\$ 700	\$ 700
Bridges and culverts	31,020	75,146
Building vehicle and equipment	42,643	33,643
By-law vehicle and equipment	32,096	26,096
Capital levy	1,837,720	2,571,414
Capital variance	-	53,117
Community centre	7,654	7,654
Contingencies	325,786	325,786
Corporate studies	202,692	277,109
Dock area improvement	186,942	258,220
Donations	146,670	54,194
Election expenses	16,059	(3,941)
Fleet replacement	267,943	359,115
Grant and other	40,168	(13,411)
Irrigation	521,750	416,680
Ontario disabilities	135,213	116,875
OMB appeals	155,731	155,731
Parking revenue	1,266,096	1,169,927
Sidewalk improvements	(8,118)	(8,118)
Storm water management	(52,797)	-
Street lighting	33,551	33,619
Training and development	11,857	11,857
Wastewater capital improvements	2,172,994	2,355,059
Wastewater rate stabilization	228,428	228,428
Water capital improvements	5,468,382	4,421,851
Water rate stabilization	194,486	194,486
Winter maintenance	85,192	85,192
Working funds	50,000	50,000
Total reserves	\$ 13,400,858	\$ 13,256,429

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

### 7. Accumulated surplus (continued):

#### Reserve and reserve balances (continued):

	2019	2018
Reserve funds set aside by Council for specific purposes:		
Bequest/Garden	\$ 4,422	\$ 4,027
Library development and computer	(5,897)	21,657
Library donations	12,757	7,716
Recreation enhancement	56,611	56,611
	67,893	90,011
Total reserves and reserve funds	\$ 13,468,751	\$ 13,346,440

### 8. Commitments:

#### (a) Capital expenditures

The estimated future capital expenditures based on projects in progress at December 31, 2019 is approximately \$5,785,648 (2018 - \$5,515,778) after deducting the expenditures incurred as at December 31, 2019. These projects will be financed by grants, subsidies and long-term liabilities in future years.

#### (b) Niagara Health System

The Town is currently committed to funding \$3,500,000 of the local share of the construction costs of the Niagara Health System ("NHS") hospital located in St. Catharines. The Town has approved a plan to fund this commitment through annual tax levies in the years 2011 to 2031. The plan is dependent upon future councils approving this levy on an annual basis. A balance of \$1,606,042 is owing on this commitment at December 31, 2019 (2019 - \$1,893,993)

### 9. Contingent liabilities:

From time to time, the Town is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts, including punitive or extraordinary damages. In respect of most outstanding claims, the Town believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the accompanying financial statements. The Town is currently named as a defendant in two matters related to former employees for which damages are unknown at this time. There may be exposure that exceeds the Town's insurance coverage. As of the date of these consolidated financial statements, the ultimate outcome is not yet known and the amount cannot be reasonably estimate.

### 10. Contributions to Joint Board:

The following contributions were made by the Town to:

	2019	2018
Niagara District Airport Commission	\$ 56,179	\$ 51,778

The Town's share of the net assets of the Niagara District Airport Commission is approximately 6%.

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

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### 11. Segmented reporting:

The Town 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:

(i) 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, Information Systems and Capital Assets.

(ii) Protection services:

Reported in this functional area are Fire 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 Town. 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.

(iii) Transportation services:

Reported in this functional area are Roads and Works. The mandate for Roads and Works is to provide quality road and traffic maintenance and operations to the residents and businesses of the Town. This area is also responsible for winter control.

(iv) Environment services:

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.

(v) Health services:

Reported in this functional area is Cemetery Services. The mandate is to ensure the benefit and protection of each citizen who has purchased or has an interest in interment rights within each cemetery. Also included here is the Town's commitment to the Niagara Health System hospital.

(vi) Recreation:

Reported in the functional area are Parks, Recreation and Culture. The Parks department 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 departments are responsible for the delivery of various related programs and the provision of facilities as well as the support of groups and organizations throughout the Town.

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 11. Segmented reporting (continued):

(vii) Planning and Development:

Reported in this functional area are Planning and Development. Planning creates the policy framework and implementation tools required to shape the future of the Town. Development is responsible for ensuring that the Town's land development standards are achieved on all development applications.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis based on tax allocations based on budget. For grants received, the allocation is based on the purpose of the grant. For user fees and charges, the allocation is based on the nature of the user fee generated. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

Notes to Consolidated Financial Statements

Year ended December 31, 2019

## 11. Segmented reporting (continued):

<b>2019</b>								
	<b>General Government</b>	<b>Protection</b>	<b>Transportation</b>	<b>Environment</b>	<b>Health</b>	<b>Recreation</b>	<b>Planning and Development</b>	<b>Total</b>
<b>Revenues:</b>								
Taxation	\$ 3,821,154	\$ 1,676,187	\$ 3,557,987	\$ -	\$ 100,985	\$ 3,452,994	\$ 566,645	\$ 13,175,952
User fees and charges	183,658	732,855	2,342,068	11,217,252	281,935	355,093	483,107	15,595,968
Government grants	427,365	94,726	2,126,450	93,938	-	72,761	43,079	2,858,319
Other	1,858,363	851,530	918,469	116,816	-	1,580,847	-	5,326,025
Contributed assets	561,465	-	-	-	-	-	-	561,465
Equity income in NOTLEI Inc.	1,562,369	-	-	-	-	-	-	1,562,369
<b>Total revenues</b>	<b>8,414,374</b>	<b>3,355,298</b>	<b>8,944,974</b>	<b>11,428,006</b>	<b>382,920</b>	<b>5,461,695</b>	<b>1,092,831</b>	<b>39,080,098</b>
<b>Expenses:</b>								
Salaries and wages	3,207,614	1,884,704	2,278,438	1,168,065	151,137	2,561,934	1,064,708	12,316,600
Operating materials and supplies	649,024	507,697	1,128,369	773,963	115,267	1,446,095	134,176	4,754,591
Contracted services	1,213,619	108,833	2,042,435	6,640,398	440	88,660	153,770	10,248,155
Rents and financial expenses	231,287	-	-	10,354	-	8,738	-	250,379
Interfunctional transfers	(2,778,614)	399,187	500,278	1,194,172	27,614	521,010	136,353	-
Amortization	363,668	524,954	1,721,342	2,208,212	22,125	956,459	8,048	5,804,808
Loss on sale of tangible capital assets	119,433	-	-	-	-	-	-	119,433
External transfers	765,737	-	-	-	287,950	1,800	66,158	1,121,645
Debt service	27,884	-	20,935	32,740	-	61,161	2,127	144,847
<b>Total expenses</b>	<b>3,799,652</b>	<b>3,425,375</b>	<b>7,691,797</b>	<b>12,027,904</b>	<b>604,533</b>	<b>5,645,857</b>	<b>1,565,340</b>	<b>34,760,458</b>
<b>Annual surplus (deficit)</b>	<b>\$ 4,614,722</b>	<b>\$ (70,077)</b>	<b>\$ 1,253,177</b>	<b>\$ (599,898)</b>	<b>\$ (221,613)</b>	<b>\$ (184,162)</b>	<b>\$ (472,509)</b>	<b>\$ 4,319,640</b>

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

Notes to Consolidated Financial Statements

Year ended December 31, 2019

## 11. Segmented reporting (continued):

<b>2018</b>									
	<b>General Government</b>	<b>Protection</b>	<b>Transportation</b>	<b>Environment</b>	<b>Health</b>	<b>Recreation</b>	<b>Planning and Development</b>	<b>Total</b>	
<b>Revenues:</b>									
Taxation	\$ 3,814,617	\$ 1,503,281	\$ 3,459,225	\$ -	\$ 79,135	\$ 3,109,204	\$ 444,759	\$ 12,410,221	
User fees and charges	214,445	778,424	2,209,378	10,421,007	221,652	366,574	917,637	15,129,117	
Government grants	484,100	90,398	950,122	1,387,533	-	506,697	20,324	3,439,174	
Other	2,287,905	512,092	540,464	731,188	-	1,750,476	-	5,822,125	
Contributed assets	114,269	-	-	-	-	-	-	114,269	
Government business enterprise	1,246,519	-	-	-	-	-	-	1,246,519	
<b>Total revenues</b>	<b>8,161,855</b>	<b>2,884,195</b>	<b>7,159,189</b>	<b>12,539,728</b>	<b>300,787</b>	<b>5,732,951</b>	<b>1,382,720</b>	<b>38,161,425</b>	
<b>Expenses:</b>									
Salaries and wages	2,783,903	1,875,656	2,194,374	907,062	175,894	2,417,476	1,131,211	11,485,576	
Operating materials and supplies	644,417	469,382	1,078,258	530,006	129,417	1,442,252	161,474	4,455,206	
Contracted services	637,996	117,128	1,872,325	5,989,051	1,840	115,662	576,102	9,310,104	
Rents and financial expenses	136,081	-	-	27,930	-	8,962	-	172,973	
Interfunctional transfers	(2,595,489)	385,614	460,551	1,051,991	30,377	487,882	179,074	-	
External transfers	448,835	-	-	-	287,951	-	47,573	784,359	
Amortization	324,533	488,157	1,721,030	2,145,190	19,032	916,670	6,524	5,621,136	
Debt service	28,871	9,212	22,631	45,186	-	14,198	2,444	122,542	
<b>Total expenses</b>	<b>2,409,147</b>	<b>3,345,149</b>	<b>7,349,169</b>	<b>10,696,416</b>	<b>644,511</b>	<b>5,403,102</b>	<b>2,104,402</b>	<b>31,951,896</b>	
<b>Annual surplus (deficit)</b>	<b>\$ 5,752,708</b>	<b>\$ (460,954)</b>	<b>\$ (189,980)</b>	<b>\$ 1,843,312</b>	<b>\$ (343,724)</b>	<b>\$ 329,849</b>	<b>\$ (721,682)</b>	<b>\$ 6,209,529</b>	



# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

### 12. Budget data:

The audited budget data presented in these consolidated financial statements are based upon the 2018 operating and capital budgets approved by Council. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements. Budgets established for tangible capital asset acquisitions are on a project-oriented basis, the costs of which may be carried out over one or more years. Where amounts were budgeted for on a project-oriented basis, the actual amounts for 2019 were used in order to adjust the budget numbers to reflect the same basis of accounting that was used to report the actual results. In addition, to ensure comparability of expenses, the allocation of program support costs completed for actual reporting was also applied to the budget amounts.

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

	Budget Amount
<b>Revenue:</b>	
Operating budget as approved	\$ 34,737,607
Add:	
Development charges	1,558,663
Contributed capital assets	561,465
Gain on sale of TCA	-
Building Code Act	510,992
Recreational Land (the Planning Act)	108,330
Less:	
Transfers from other funds	(2,816,451)
Principal and dividends from NOTLEI	(859,992)
<b>Total revenue</b>	<b>33,800,614</b>
<b>Expenses:</b>	
Operating budget as approved	34,737,607
Add:	
Amortization	5,804,808
Employee future benefits	(27,546)
Capital projects resulting in operating expenses	227,622
Loss on Disposal of TCA	119,433
Less:	
Transfer to reserves, including capital	(8,071,542)
Debt principal payments	(537,958)
<b>Total expenses</b>	<b>32,252,424</b>
<b>Annual surplus</b>	<b>\$ 1,548,190</b>

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

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### 13. Tangible capital assets:

(a) Work in progress:

Work in progress having a value of \$2,323,369 (2018 - \$5,147,011) is not depreciated. Depreciation of these assets commence when the assets are placed in service. No interest was capitalized during the period.

(b) Contributed capital assets:

Contributed capital assets are recognized at fair market value at the date of contribution. The value of contributed assets during the year is \$561,465 (2017 - \$114,269). In 2019, parcels of land were transferred to the Town which service various developments. The lands contributed provide servicing for storm sewer systems, walkways and trails, and parkland.

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair market value could not be made for a tangible capital asset, the asset was recognized at a nominal value. Nominal values totaling \$nil (2018 - \$nil) have been assigned to Buildings, Land, Machinery and Equipment, Land Improvements, and Linear Asset categories.

(d) Works of art and historical treasures:

No works of art or historical treasures are held by the Town.

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

### 13. Tangible capital assets (continued):

2019 General	Opening NBV	Opening Cost	Additions	Disposals	Closing Balance	Opening Accumulated Amortization	Amortization	Deletions	Closing Accumulated Amortization	Total
Land	\$6,284,376	\$6,284,376	\$561,465	\$ -	\$6,845,841	\$ -	\$ -	\$ -	\$ -	\$6,845,841
Land improvements	4,502,200	6,620,577	486,577	6,501	7,100,653	2,118,377	252,348	6,501	2,364,224	4,736,429
Buildings and fixtures	18,387,072	28,812,142	118,772	-	28,930,914	10,425,070	756,311	-	11,181,381	17,749,533
Machinery and equipment	5,019,440	7,796,346	558,874	32,616	8,322,604	2,776,906	470,227	26,866	3,220,267	5,102,337
Vehicles	3,973,660	8,558,589	889,546	470,641	8,977,494	4,584,929	559,431	356,700	4,787,660	4,189,834
Information technology	562,384	1,753,731	126,087	100,393	1,779,425	1,191,347	196,102	100,393	1,287,056	492,369
Exterior lighting	1,901,738	3,330,540	168,166	40,000	3,458,706	1,428,802	174,753	40,000	1,563,555	1,895,151
<b>Subtotal: General assets</b>	<b>40,630,870</b>	<b>63,156,301</b>	<b>2,909,487</b>	<b>650,151</b>	<b>65,415,637</b>	<b>22,525,431</b>	<b>2,409,172</b>	<b>530,460</b>	<b>24,404,143</b>	<b>41,011,494</b>
<b>Infrastructure</b>										
Linear assets	137,282,951	192,206,149	4,032,287	415,671	195,822,765	54,923,198	3,240,622	216,830	57,946,990	137,875,775
Streetlighting	1,572,045	2,494,873	27,711	2,036	2,520,548	922,828	70,924	-	993,752	1,526,796
Other	2,646,681	4,087,214	-	88,051	3,999,163	1,440,533	84,090	87,309	1,437,314	2,561,849
<b>Subtotal: Infrastructure assets</b>	<b>141,501,677</b>	<b>198,788,236</b>	<b>4,059,998</b>	<b>505,758</b>	<b>202,342,476</b>	<b>57,286,559</b>	<b>3,395,636</b>	<b>304,139</b>	<b>60,378,056</b>	<b>141,964,420</b>
<b>Work in progress</b>										
Opening balance	5,147,011	5,147,011	9,292,853	(744)	14,440,608	-	-	-	-	14,440,608
Internally transferred	-	-	(6,969,484)	-	(6,969,484)	-	-	-	-	(6,969,484)
<b>Subtotal: Work in progress</b>	<b>5,147,011</b>	<b>5,147,011</b>	<b>2,323,369</b>	<b>(744)</b>	<b>7,471,124</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,471,124</b>
<b>Grand total as at December 31, 2019</b>	<b>\$187,279,558</b>	<b>\$267,091,548</b>	<b>\$9,292,854</b>	<b>\$1,155,165</b>	<b>\$275,229,237</b>	<b>\$79,811,990</b>	<b>\$5,804,808</b>	<b>\$834,599</b>	<b>\$84,782,199</b>	<b>\$190,447,038</b>

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

### 13. Tangible capital assets (continued):

2018 General	Opening NBV	Opening Cost	Additions	Disposals	Closing Balance	Opening Accumulated Amortization	Amortization	Deletions	Closing Accumulated Amortization	Total
Land	\$5,864,649	\$5,864,649	\$421,094	\$1,367	\$6,284,376	\$ -	\$ -	\$ -	\$ -	\$6,284,376
Land improvements	2,764,537	4,663,618	1,956,959	-	6,620,577	1,899,081	219,296	-	2,118,377	4,502,200
Buildings and fixtures	15,598,328	25,395,533	3,499,311	82,702	28,812,142	9,797,205	705,216	77,351	10,425,070	18,387,072
Machinery and equipment	3,695,670	6,077,278	1,755,161	36,093	7,796,346	2,381,608	421,776	26,478	2,776,906	5,019,440
Vehicles	4,282,016	8,530,743	304,600	276,754	8,558,589	4,248,727	578,858	242,656	4,584,929	3,973,660
Information technology	503,977	1,617,473	273,104	136,846	1,753,731	1,113,496	213,831	135,980	1,191,347	562,384
Exterior lighting	1,682,672	2,953,533	379,678	2,671	3,330,540	1,270,861	160,434	2,493	1,428,802	1,901,738
<b>Subtotal: General assets</b>	<b>34,391,849</b>	<b>55,102,827</b>	<b>8,589,907</b>	<b>536,433</b>	<b>63,156,301</b>	<b>20,710,978</b>	<b>2,299,411</b>	<b>484,958</b>	<b>22,525,431</b>	<b>40,630,870</b>
<b>Infrastructure</b>										
Linear assets	134,587,854	186,508,652	5,915,115	217,618	192,206,149	51,920,798	3,166,296	163,896	54,923,198	137,282,951
Streetlighting	1,605,109	2,456,355	38,518	-	2,494,873	851,246	71,582	-	922,828	1,572,045
Other	2,668,943	4,025,629	61,585	-	4,087,214	1,356,686	83,847	-	1,440,533	2,646,681
<b>Subtotal: Infrastructure assets</b>	<b>138,861,906</b>	<b>192,990,636</b>	<b>6,015,218</b>	<b>217,618</b>	<b>198,788,236</b>	<b>54,128,730</b>	<b>3,321,725</b>	<b>163,896</b>	<b>57,286,559</b>	<b>141,501,677</b>
<b>Work in progress</b>										
Opening balance	5,379,722	5,379,722	14,371,661	-	19,751,383	-	-	-	-	19,751,383
Internally transferred	-	-	(14,604,372)	-	(14,604,372)	-	-	-	-	(14,604,372)
<b>Subtotal: Work in progress</b>	<b>5,379,722</b>	<b>5,379,722</b>	<b>(232,711)</b>	<b>-</b>	<b>5,147,011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,147,011</b>
<b>Grand total as at December 31, 2018</b>	<b>\$178,633,477</b>	<b>\$253,473,185</b>	<b>\$14,372,414</b>	<b>\$754,051</b>	<b>\$267,091,548</b>	<b>\$74,839,708</b>	<b>\$5,621,136</b>	<b>\$648,854</b>	<b>\$79,811,990</b>	<b>\$187,279,558</b>

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

### 14. Government transfers:

Government transfers do not include payment in lieu of taxes received from Federal and Provincial governments. These amounts are included with taxation revenue on the Consolidated Statement of Operations:

	Budget	2019	2018
Operating transfers:			
Federal	\$ 4,000	\$ 95,293	\$ 20,231
Provincial	619,261	653,669	682,175
Upper-Tier/Other Municipalities	80,000	239,105	189,948
	<u>703,261</u>	<u>988,067</u>	<u>892,354</u>
Capital transfers:			
Federal	531,220	951,688	1,675,596
Provincial	796,298	918,564	864,927
Upper -Tier/Other Municipalities	-	-	6,307
	<u>1,327,518</u>	<u>1,870,252</u>	<u>2,546,830</u>
Total transfers	<u>\$ 2,030,779</u>	<u>\$ 2,858,319</u>	<u>\$ 3,439,184</u>

Government transfers paid are included in the Consolidated Statement of Operations and are summarized in Note 11 - Segmented Information under External Transfers.

### 15. Trust funds:

Trust funds administered by the Town amounting to \$1,116,044 (2018 - \$1,098,730) have not been included in these Consolidated financial statements.

### 16. Comparative Information:

Certain comparative information has been reclassified to conform to the presentation adopted in the current year. There is no impact to accumulated surplus as a result of the reclassification.

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

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### 17. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted 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 Town declared a state of emergency under the *Emergency Management Act Ontario*, on March 23, 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. In addition, at the time of approval of these financial statements, the Town has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Experienced temporary declines in the fair value of investments and investment income
- Closure of parks and recreation facilities and administrative buildings to the date of the auditors' report based on public health recommendations
- Temporary termination of employees in non-essential services
- Suspension of penalties and interest on overdue amounts
- Mandatory working from home requirements for those able to do so

The Town continues to monitor the guidance from the Provincial government around opening of businesses and attractions. The current challenging economic climate may lead to adverse changes in cash flows, reduction of service levels and budgetary constraints, which may also have a direct impact on the Town's revenues, annual surplus or deficit and reserve and reserve funds in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the Town, surrounding economy and services are not known at this time.

At this time, these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## SCHEDULE OF LIBRARY FUND ACTIVITIES

Year ended December 31, 2019, with comparative information for 2018

	Budget	2019	2018
<b>Revenues:</b>			
Development charges	\$ -	\$ 27,406	\$ 60,189
Municipal grant	717,459	717,459	686,377
Donations	2,000	3,960	8,465
Provincial grants	35,276	59,488	34,824
Miscellaneous	32,700	37,585	36,106
Other grants	4,000	12,274	10,673
	<u>791,435</u>	<u>858,172</u>	<u>836,634</u>
<b>Expenditures:</b>			
Amortization	125,100	125,100	121,061
Insurance	7,570	6,740	7,427
Licensing and computer support	18,500	22,108	16,327
Memberships	1,500	2,002	2,078
General library expenses	21,500	22,958	27,804
Office supplies	40,800	55,732	50,105
Professional development	3,500	3,717	5,359
Professional fees	3,000	1,520	6,709
Program expenditures	9,500	18,894	12,730
Public relations	3,000	1,469	2,838
Purchases for resale	250	-	-
Rent	60,000	60,000	60,000
Telephone	1,800	3,177	2,819
Wage and benefits	613,415	644,502	605,740
Workshops	3,000	1,534	1,376
	<u>912,425</u>	<u>969,453</u>	<u>922,373</u>
Annual deficit	(121,000)	(111,281)	(85,739)
Add: Amortization of tangible capital assets		125,100	121,061
Less: Acquisition of tangible capital assets		(53,084)	(140,613)
Transfers to reserve fund	18,500	5,041	18,915
Adjusted annual deficit	\$ 102,500	\$ (34,224)	\$ (86,376)



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## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of The Town of Niagara-on-the-Lake

### ***Opinion***

We have audited the financial statements of the trust funds of The Corporation of the Town of Niagara-on-the-Lake (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2019,
- the statement of operations for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations and its cash flows 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 Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the 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 the 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:

- Identify and assess the risks of material misstatement of the 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.

- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- 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 Entity'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 conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

July 22, 2020

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Statement of Financial Position – Trust Funds

As at December 31, 2019, with comparative information for 2018

	Cemetery Care & Maintenance	Cemetery Preneeds Internments	2019 Total	2018 Total
<b>Assets</b>				
Cash	\$1,002,099	\$ 138,237	\$1,140,336	\$ 1,115,707
<b>Liabilities</b>				
Due to Town of Niagara-on-the-Lake (note 2)	18,767	5,525	24,292	16,977
	<u>\$ 983,332</u>	<u>\$ 132,712</u>	<u>\$1,116,044</u>	<u>\$ 1,098,730</u>
<b>Fund Balances</b>				
Fund balances	\$ 983,332	\$ 132,712	\$1,116,044	\$ 1,098,730
	<u>\$ 983,332</u>	<u>\$ 132,712</u>	<u>\$1,116,044</u>	<u>\$ 1,098,730</u>

See accompanying notes to financial statements.

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Statement of Operations – Trust Funds

Year ended December 31, 2019, with comparative information for 2018

	Cemetery Care & Maintenance	Cemetery Preneeds Internments	2019 Total	2018 Total
Balance, beginning of year	\$ 947,750	\$ 150,980	\$1,098,730	\$ 1,056,860
Receipts:				
Care & maintenance agreements	35,582	-	35,582	39,026
Interest earned	22,041	3,357	25,398	20,736
	57,623	3,357	60,980	59,762
Expenditures:				
Interest transferred	22,041	-	22,041	17,892
Cemetery preneeds	-	21,625	21,625	-
	22,041	21,625	43,666	17,892
Excess (deficiency) of receipts over expenditures	35,582	(18,268)	17,314	41,870
Fund balance, end of year	\$ 983,332	\$ 132,712	\$1,116,044	\$ 1,098,730

See accompanying notes to financial statements.

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Statement of Cash Flows – Trust Funds

Year ended December 31, 2019 with comparative information for 2018

	2019	2018
Operations:		
Excess of receipts over expenditures	\$ 17,314	\$ 41,870
Sources (Uses):		
Change in due to Town of Niagara-on-the-Lake	7,315	10,475
Increase in cash	24,629	52,345
Cash, beginning of year	1,115,707	1,063,362
Cash, end of year	\$ 1,140,336	\$ 1,115,707

See accompanying notes to financial statements.

# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Trust Funds Financial Statements

Year ended December 31, 2019

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### 1. Significant accounting policies:

The financial statements of The Corporation of the Town of Niagara-on-the-Lake trust funds are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") established by the Public Sector Accounting Board ("PSAB") of CPA Canada.

(a) Basis of accounting:

- (i) Receipts and expenditures are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

### 2. Due to Town of Niagara-on-the-Lake:

The amounts owing to The Corporation of the Town of Niagara-on-the-Lake are non-interest bearing with no fixed terms of repayment.