

Consolidated Financial Statements of

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

And Independent Auditors' Report Thereon

Year ended December 31, 2021



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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, 2021;
- 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, 2021 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.



### ***Other Matter – Supplementary Information***

The supplementary information included in Schedule of Library Fund Activities does not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

### ***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.



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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 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

August 22, 2022

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

## Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Cash	\$ 21,032,114	\$ 20,520,786
Taxes receivable		
Current year	1,294,953	1,643,389
Previous years	921,394	916,761
Accounts receivable	8,713,574	5,135,172
Debt recoverable from others (note 6)	19,962	25,049
Note receivable (note 3)	5,275,214	5,929,872
Long-term investment (note 2)	22,589,527	21,823,531
	59,846,738	55,994,560
<b>Liabilities</b>		
Accounts payable and accrued liabilities	13,707,477	10,776,954
Deferred revenue (note 4)	13,401,092	12,736,571
Post-employment benefits (note 5)	1,325,043	1,225,860
Net long term liabilities (note 6)	6,042,567	5,091,440
	34,476,179	29,830,825
<b>Net financial assets</b>	25,370,559	26,163,735
<b>Non-financial assets</b>		
Tangible capital assets (note 13)	199,725,704	196,048,540
Inventories and prepaid expenses	322,050	281,635
	200,047,754	196,330,175
Commitments (note 8)		
Contingent liabilities (note 9)		
Impact of COVID-19 (note 16)		
<b>Accumulated surplus (note 7)</b>	\$ 225,418,313	\$ 222,493,910

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, 2021, with comparative information for 2020

	Budget (note 12)	2021	2020
<b>Revenues</b>			
Taxation	\$ 14,671,721	\$ 14,707,070	\$ 14,333,245
User fees and charges	13,859,313	15,450,167	14,938,554
Government of Canada grants (note 14)	563,364	799,258	424,072
Province of Ontario grants (note 14)	1,419,317	1,151,335	2,388,747
Other municipality funding (note 14)	96,900	1,029,963	227,060
Other deferred revenues earned	1,034,847	1,676,028	2,819,365
Interest and penalties	380,000	467,076	485,387
Investment income	556,835	367,078	479,241
Donations	26,000	57,227	551,871
Other	2,595,886	1,567,168	1,429,056
Equity income of Niagara-on-the-Lake Energy Inc. (note 2)	–	1,515,996	1,963,711
<b>Total revenues</b>	<b>35,204,183</b>	<b>38,788,366</b>	<b>40,040,309</b>
<b>Expenses</b>			
General government	3,337,607	3,396,204	4,190,201
Protection services	4,474,819	4,192,850	3,678,135
Transportation services	8,892,505	8,109,422	7,380,429
Environmental services	13,367,505	12,162,504	12,116,660
Health services	459,510	684,149	712,007
Recreation	3,840,357	5,518,555	5,440,641
Planning and development	2,145,461	1,800,279	1,607,482
<b>Total expenses</b>	<b>36,517,764</b>	<b>35,863,963</b>	<b>35,125,555</b>
<b>Annual surplus (deficit)</b>	<b>(1,313,581)</b>	<b>2,924,403</b>	<b>4,914,754</b>
Other comprehensive income of Niagara-on-the-Lake Energy Inc.	–	–	(10,782)
<b>Accumulated surplus, beginning of year</b>	<b>222,493,910</b>	<b>222,493,910</b>	<b>217,589,938</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 221,180,329</b>	<b>\$ 225,418,313</b>	<b>\$ 222,493,910</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, 2021, with comparative information for 2020

	2021	2020
Annual surplus	\$ 2,924,403	\$ 4,914,754
Acquisition of tangible capital assets	(9,847,804)	(11,715,450)
Amortization of tangible capital assets	6,162,221	5,926,218
Proceeds on disposal of tangible capital assets	83,504	62,568
(Gain) loss on disposal of tangible capital assets	(75,085)	125,162
Other comprehensive income of Niagara-on-the-Lake Energy Inc.	—	(10,782)
Change in inventories and prepaid expenses	(40,415)	49,034
	(793,176)	(648,496)
Net financial assets, beginning of year	26,163,735	26,812,231
Net financial assets, end of year	\$ 25,370,559	\$ 26,163,735

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, 2021, with comparative information for 2020

	2021	2020
<b>Operations</b>		
Annual surplus	\$ 2,924,403	\$ 4,914,754
Items not involving cash:		
Amortization of tangible capital assets	6,162,221	5,926,218
Niagara-on-the-Lake Energy net income	(1,515,996)	(1,963,711)
Loss on disposal of tangible capital assets	(75,085)	125,162
	7,495,543	9,002,423
Change in non-cash assets and liabilities:		
Taxes receivable	343,803	(236,627)
Accounts receivable	(3,578,402)	(571,817)
Inventories and prepaid expenses	(40,415)	49,034
Accounts payable and accrued liabilities	2,930,523	(181,570)
Deferred revenue	664,521	(1,439,911)
Post-employment benefits	99,183	77,992
Cash from operations	7,914,756	6,699,524
<b>Capital</b>		
Proceeds on disposal of tangible capital assets	83,504	62,568
Acquisition of tangible capital assets	(9,847,804)	(11,715,450)
Cash used in capital activities	(9,764,300)	(11,652,882)
<b>Investing</b>		
Dividend received	750,000	694,030
Change in debt recoverable from others	5,087	4,798
Repayment of note receivable	654,658	744,940
Cash from investing	1,409,745	1,443,768
<b>Financing</b>		
Long-term debt issued	1,374,180	1,850,810
Debt principal repayments	(423,053)	(554,661)
Cash from financing	951,127	1,296,149
<b>Increase (decrease) in cash</b>	511,328	(2,213,441)
<b>Cash, beginning of year</b>	20,520,786	22,734,227
<b>Cash, end of year</b>	\$ 21,032,114	\$20,520,786

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, 2021

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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 wholly owned 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, 2021

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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, 2021

### 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
Vehicles	5 to 20
Information technology	2 to 15
Other	5 to 50
Infrastructure:	
Linear assets	10 to 80
Street lighting	7 to 60
Other	7 to 50

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, 2021

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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, 2021

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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. Notes 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, 2021

### 2. Long-term investments

The Town holds an investment in Niagara-on-the-Lake Energy Inc. ("NOTLEI") which is represented by 1,001 common shares of the company. NOTLEI is wholly owned by the Town. Summary financial information is as follows:

#### Financial Position:

	2021	2020
<b>Assets:</b>		
Current	\$ 6,569,271	\$ 6,060,966
Capital	37,216,933	35,992,586
Other non-current	7,296,351	7,016,508
Regulatory balances	1,461,952	1,239,218
<b>Total assets and regulatory balances</b>	<b>\$ 52,544,507</b>	<b>\$ 50,309,278</b>
<b>Liabilities:</b>		
Current	\$ 6,537,752	\$ 6,590,148
Notes payable to Town of Niagara-on-the-Lake	5,275,213	5,929,872
Long-term debt	8,091,360	6,618,685
Other	9,601,773	8,536,718
Regulatory balances	448,882	810,324
<b>Equity</b>	<b>22,589,527</b>	<b>21,823,531</b>
<b>Total liabilities, regulatory balances and equity</b>	<b>\$ 52,544,507</b>	<b>\$ 50,309,278</b>

#### Operations:

	2021	2020
Revenue	\$ 32,525,433	\$ 37,096,467
Expenses (including income tax provision)	(31,593,613)	(35,393,418)
Net movement in regulatory balances (net of tax)	584,176	260,662
Net income and net movement in regulatory balances	1,515,996	1,963,711
Other comprehensive loss	—	(10,782)
Dividend paid to Town of Niagara-on-the-Lake	(750,000)	(694,030)
Change in investment in Niagara-on-the-Lake Energy Inc.	\$ 765,996	\$ 1,258,899

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

	2021	2020
Investment in shares of the Corporation	\$ 7,054,844	\$ 7,054,844
Accumulated net income, net of dividends received	15,534,683	14,768,687
<b>Total investment in Niagara-on-the-Lake Energy Inc.</b>	<b>\$ 22,589,527</b>	<b>\$ 21,823,531</b>

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

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

### 2. Long-term investments (continued):

NOTLEI delivered electricity to the Town and related organizations in the amount of \$829,549 (2020 - \$1,012,163) and provided locate services to the Town in the amount of \$237,434 (2020 - \$35,215).

### 3. Note receivable:

The notes receivable are comprised of the following:

	2021	2020
Note 1	\$ 1,406,046	\$ 1,548,786
Note 2	1,039,190	1,348,980
Note 3	859,978	1,062,106
Note 4	1,970,000	1,970,000
	<u>\$ 5,275,214</u>	<u>\$ 5,929,872</u>

Note 1 bears interest at 7.25%, is unsecured and is repayable annually in the aggregate principal and interest of \$250,000 (2020 - \$250,000). Note 2 bears interest at 3.50%, is due on February 1, 2025 and is repayable in blended monthly payments of \$29,386. Note 3 bears interest at 3.5%, is due on October 1, 2025 and is repayable in blended monthly payments of \$19,625. 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, 2022. 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 eligible 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 CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

### 4. Deferred revenue (continued):

The deferred revenues are made up of the following:

	2020	Externally restricted inflows	Revenue earned	2021
Building permit surplus	\$ 823,396	\$ –	\$ 397,061	\$ 426,335
Canada gas tax	431,689	1,093,374	581,645	943,418
Cash-in-lieu of parking	353,331	–	–	353,331
Development charges	9,622,209	263,416	1,034,846	8,848,939
Ontario Community Infrastructure Fund	171,755	819,101	(63,642)	1,054,498
Recreational land	304,200	583,963	7,107	881,056
Main Street revitalization	768	–	768	–
Provincial Modernization Fund	603,871	–	236,245	367,626
Other deferred	389,343	88,262	213,225	264,380
Safe Restart – Transit	36,009	–	36,009	–
Safe Restart – COVID-19	–	261,509	–	261,509
	\$12,736,571	\$ 3,109,625	\$ 2,443,264	\$ 13,401,092

### 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.

	2021	2020
Retiree benefits	\$ 573,015	\$ 576,732
Accrued vacation pay	509,100	401,924
Accumulated sick leave	45,823	44,520
Future payments required to WSIB	197,105	202,684
	\$ 1,325,043	\$ 1,225,860



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

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

### 5. Post-employment benefits and other liabilities (continued):

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

	2021	2020
Accrued benefit obligation:		
Balance, beginning of year	\$ 1,293,672	\$ 1,222,647
Current benefit cost	136,843	102,459
Interest	20,461	26,997
Actuarial gain	(47,761)	–
Benefits paid	(58,725)	(58,431)
Balance, end of year	1,344,490	1,293,672
Unamortized actuarial loss	(19,447)	(67,812)
Liability for benefits	\$ 1,325,043	\$ 1,225,860

Amortization of the actuarial loss of \$604 (2020 - \$6,967) 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 to 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, 2021 were determined by an actuarial valuation. The last actuarial valuation was performed in 2021 for the December 31, 2020 year-end.

#### (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, 2021 were determined by an actuarial valuation and analysis of changes made to plans since the last valuation. The last actuarial valuation was performed in 2021 for the December 31, 2020 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.

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

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

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### 5. Post-employment benefits and other liabilities (continued):

#### (iv) Actuarial Assumptions:

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

##### *Interest (discount rate):*

The accrued benefit obligation was determined using a discount rate of 3.25% (2020 - 4.0%).

##### *Inflation:*

Inflation was assumed to be 1.75% (2020 - 1.75%).

##### *Medical, dental and travel costs:*

Medical, dental and travel costs are assumed to increase at a rate of 5.75% in 2021 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 (2020 - 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 2021 was \$892,580 (2020 - \$809,557) for current service and is included as an expenditure in the consolidated statement of operations. Employees' contribution to OMERS in 2021 was \$892,580 (2020 - \$809,557).

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 \$61,600 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings.

The OMERS pension plan has a deficit at December 31, 2021 of \$3.1 billion (2020 - \$3.2 billion) based on an actuarial valuation of plan assets.

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

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

### 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:

	2021	2020
The Town has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities.	\$ 6,042,567	\$ 5,091,440
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage, have been assumed by individuals.	(19,962)	(25,049)
Net long-term liabilities, end of year	\$ 6,022,605	\$ 5,066,391

- (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:

2022	\$ 562,759
2023	517,365
2024	533,913
2025	530,817
2026	451,488
Thereafter	3,426,263
	\$ 6,022,605

- (d) Interest charges on long-term debt in the amount of \$146,336 (2020 - \$114,230) 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 2040.

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

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

### 7. Accumulated surplus:

	2021	2020
Invested in tangible capital assets	\$ 199,725,704	\$ 196,048,540
Operating fund	(3,885,611)	(2,764,762)
Reserves and reserve funds	14,336,341	13,678,852
Investment in Niagara-on-the-Lake Energy Inc.	22,589,527	21,823,531
	232,765,961	228,786,161
Amounts to be recovered		
Post-employment benefits	(1,325,043)	(1,225,860)
Net long-term liabilities	(6,022,605)	(5,066,391)
	(7,347,648)	(6,292,251)
	\$ 225,418,313	\$222,493,910

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

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

### 7. Accumulated surplus (continued):

Reserve and reserve balances:

	2021	2020
Reserves set aside by Council for specific purposes:		
Base mapping	\$ 700	\$ 700
Bridges and culverts	31,020	31,020
Building vehicle and equipment	60,643	51,643
By-law vehicle and equipment	28,632	46,221
Capital levy	1,762,326	1,915,655
Community centre	13,591	13,591
Contingencies	130,099	130,099
Corporate studies	20,049	143,249
COVID 19	—	129,841
Debt reduction	181,030	34,191
Dock area improvement	156,069	171,026
Donations	342,400	404,695
Election expenses	36,059	36,059
Fleet replacement	142,423	96,182
Grant and other	(56,251)	(94,161)
Irrigation	347,571	460,170
Ontario disabilities	169,213	156,813
OMB appeals	155,731	155,731
Parking revenue	940,356	1,071,014
Road Improvements	(337)	—
Sidewalk improvements	31,694	31,694
Storm water management	117,954	(66,768)
Street lighting	2,335	27,633
Tax rate stabilization	72,000	52,500
Training and development	11,857	11,857
Wastewater capital improvements	3,341,792	2,635,574
Wastewater rate stabilization	228,428	228,428
Water capital improvements	5,628,348	5,295,116
Water rate stabilization	194,486	194,486
Winter maintenance	85,192	85,192
Working funds	50,000	50,000
<b>Total reserves</b>	<b>\$ 14,225,410</b>	<b>\$ 13,499,451</b>
Reserve funds set aside by Council for specific purposes:		
Bequest/Garden	8,371	4,498
Library development and computer	17,192	24,257
Library donations	28,757	20,757
Library stabilization	—	73,278
Recreation enhancement	56,611	56,611
	110,931	179,401
<b>Total reserves and reserve funds</b>	<b>\$ 14,336,341</b>	<b>\$ 13,678,852</b>

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

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

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### 8. Commitments:

#### (a) Capital expenditures:

The estimated future capital expenditures based on projects in progress at December 31, 2021 is approximately \$8,234,360 (2020 - \$6,161,591) after deducting the expenditures incurred as at December 31, 2021. 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 \$1,030,142 is owing on this commitment at December 31, 2021 (2020 - \$1,318,092)

### 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 outcome of such litigation, therefore no provision has been made in the accompanying financial statements.

### 10. Contributions to Joint Board:

The following contributions were made by the Town to:

	2021	2020
Niagara District Airport Commission	\$ 57,467	\$ 53,766

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, 2021

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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 internment 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, 2021

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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. Tax revenue is allocated to the segments based on budgeted expenditures. 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, 2021

## 11. Segmented reporting (continued):

2021									
	General							Planning and	
	Government	Protection	Transportation	Environment	Health	Recreation	Development	Total	
Revenues:									
Taxation	\$ 4,220,668	\$ 2,117,870	\$ 3,938,526	\$ –	\$ 147,511	\$ 3,703,932	\$ 578,563	\$ 14,707,070	
User fees and charges	249,363	744,849	2,059,173	11,567,784	261,582	191,743	375,673	15,450,167	
Government grants	804,178	177,252	903,657	179,795	–	879,817	35,857	2,980,556	
Other	1,795,620	435,367	704,217	215,429	–	908,859	–	4,059,492	
Gain on sale of tangible capital assets	75,085	–	–	–	–	–	–	75,085	
Equity income in NOTLEI Inc.	1,515,996	–	–	–	–	–	–	1,515,996	
Total revenues	8,660,910	3,475,338	7,605,573	11,963,008	409,093	5,684,351	990,093	38,788,366	
Expenses:									
Salaries and wages	3,631,163	2,364,417	2,362,482	1,242,577	179,031	2,484,258	1,053,749	13,317,677	
Operating materials and supplies	897,285	516,952	1,106,332	693,310	148,766	1,302,673	184,947	4,850,265	
Contracted services	1,114,360	149,365	1,965,749	6,599,368	2,732	100,777	217,770	10,150,121	
Rents and financial expenses	308,092	76	66,994	4,166	–	9,853	–	389,181	
Interfunctional transfers	(3,320,632)	486,903	645,748	1,364,446	39,631	580,157	203,747	–	
Amortization	326,197	647,532	1,926,578	2,247,465	26,039	978,776	9,634	6,162,221	
External transfers	414,437	–	–	–	287,950	900	83,714	787,001	
Debt service	25,302	27,605	35,539	11,172	–	61,161	46,718	207,497	
Total expenses	3,396,204	4,192,850	8,109,422	12,162,504	684,149	5,518,555	1,800,279	35,863,963	
Annual surplus (deficit)	\$ 5,264,706	\$ (717,512)	\$ (503,849)	\$ (199,496)	\$ (275,056)	\$ 165,796	\$ (810,186)	\$ 2,924,403	

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

Notes to Consolidated Financial Statements

Year ended December 31, 2021

## 11. Segmented reporting (continued):

2020																
	General Government		Protection	Transportation	Environment	Health	Recreation	Planning and Development	Total							
Revenues:																
Taxation	\$	4,499,376	\$	1,876,892	\$	3,681,278	\$	—	\$	117,340	\$	3,610,401	\$	547,958	\$	14,333,245
User fees and charges		226,558		758,922		1,514,579		11,397,896		261,202		169,945		609,452		14,938,554
Government grants		1,466,453		25,114		1,215,878		273,988		—		61,418		(2,972)		3,039,879
Other		1,968,851		453,257		527,173		857,809		—		1,957,830		—		5,764,920
Contributed assets		—		—		—		—		—		—		—		—
Equity income in NOTLEI Inc.		1,963,711		—		—		—		—		—		—		1,963,711
Total revenues		10,124,949		3,114,185		6,938,908		12,529,693		378,542		5,799,594		1,154,438		40,040,309
Expenses:																
Salaries and wages		3,001,693		2,043,728		2,221,313		1,212,548		183,489		2,431,271		1,078,639		12,172,681
Operating materials and supplies		1,097,857		520,657		1,240,787		434,526		179,664		1,343,956		113,771		4,931,218
Contracted services		1,583,957		119,233		1,626,519		6,991,042		550		114,630		152,489		10,588,420
Rents and financial expenses		346,229		—		—		3,342		—		7,461		—		357,032
Interfunctional transfers		(2,863,718)		429,037		475,750		1,227,292		37,916		514,937		178,786		—
Amortization		337,514		565,480		1,797,186		2,228,327		22,438		967,225		8,048		5,926,218
Loss on sale of tangible capital assets		125,162		—		—		—		—		—		—		125,162
External transfers		534,801		—		—		—		287,950		—		26,057		848,808
Debt service		26,706		—		18,874		19,583		—		61,161		49,692		176,016
Total expenses		4,190,201		3,678,135		7,380,429		12,116,660		712,007		5,440,641		1,607,482		35,125,555
Annual surplus (deficit)	\$	5,934,748	\$	(563,950)	\$	(441,521)	\$	413,033	\$	(333,465)	\$	358,953	\$	(453,044)	\$	4,914,754

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

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

### 12. Budget data:

The audited budget data presented in these consolidated financial statements are based upon the 2021 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 2021 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	\$ 37,610,403
Add:	
Development charges	1,034,847
Building Code Act	397,061
Recreational Land (the Planning Act)	7,107
Other deferred revenue	233,434
Gain on sale of tangible capital assets	75,085
Less:	
Transfers from other funds	(3,318,349)
Principal and dividends from NOTLEI	(835,405)
Total revenue	35,204,183
<b>Expenses:</b>	
Operating budget as approved	37,610,403
Add:	
Amortization	6,162,221
Employee future benefits	99,183
Capital projects resulting in operating expenses	524,096
Less:	
Transfer to reserves, including capital	(7,287,860)
Debt principal payments	(590,279)
Total expenses	36,517,764
Annual Deficit	\$ (1,313,581)

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

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

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### 13. Tangible capital assets:

(a) Work in progress:

Work in progress having a value of \$8,868,406 (2020 - \$8,900,354) 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 \$nil (2020 - \$ nil).

(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 (2020 - \$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, 2021

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

2021 General	Opening NBV	Opening Cost	Additions	Disposals	Closing Balance	Opening Accumulated Amortization	Amortization	Deletions	Closing Accumulated Amortization	Total
Land	\$ 6,845,841	\$ 6,845,841	\$ –	\$ –	\$ 6,845,841	\$ –	\$ –	\$ –	\$ –	\$ 6,845,841
Land improvements	4,904,732	7,492,851	358,358	–	7,851,209	2,588,119	258,766	–	2,846,885	5,004,324
Buildings and fixtures	17,137,270	29,079,824	2,206,283	–	31,286,107	11,942,554	801,304	–	12,743,858	18,542,249
Machinery and equipment	4,845,845	8,498,405	1,107,253	9,768	9,595,890	3,652,560	484,034	9,633	4,126,961	5,468,929
Vehicles	5,525,335	10,356,516	1,957,048	479,338	11,834,226	4,831,181	667,897	479,338	5,019,740	6,814,486
Information technology	433,846	1,828,176	91,612	72,681	1,847,107	1,394,330	152,287	72,681	1,473,936	373,171
Exterior lighting	1,920,860	3,596,041	209,355	138,680	3,666,716	1,675,181	159,005	137,417	1,696,769	1,969,947
<b>Subtotal: General assets</b>	<b>41,613,729</b>	<b>67,697,654</b>	<b>5,929,909</b>	<b>700,467</b>	<b>72,927,096</b>	<b>26,083,925</b>	<b>2,523,293</b>	<b>699,069</b>	<b>27,908,149</b>	<b>45,018,947</b>
<b>Infrastructure</b>										
Linear assets	140,339,166	201,381,031	3,937,164	28,888	205,289,307	61,041,865	3,451,208	21,867	64,471,206	140,818,101
Street lighting	2,496,618	3,576,491	12,678	–	3,589,169	1,079,873	101,623	–	1,181,496	2,407,673
Other	2,698,673	4,220,932	–	–	4,220,932	1,522,259	86,097	–	1,608,356	2,612,576
<b>Subtotal: Infrastructure assets</b>	<b>145,534,457</b>	<b>209,178,454</b>	<b>3,949,842</b>	<b>28,888</b>	<b>213,099,408</b>	<b>63,643,997</b>	<b>3,638,928</b>	<b>21,867</b>	<b>67,261,058</b>	<b>145,838,350</b>
<b>Work in progress</b>										
Opening balance	8,900,354	8,900,354	9,847,805	–	18,748,159	–	–	–	–	18,748,159
Internally transferred	–	–	(9,879,752)	–	(9,879,752)	–	–	–	–	(9,879,752)
<b>Subtotal: Work in progress</b>	<b>8,900,354</b>	<b>8,900,354</b>	<b>(31,947)</b>	<b>–</b>	<b>8,868,407</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8,868,407</b>
<b>Grand total as at December 31, 2021</b>	<b>\$ 196,048,540</b>	<b>\$ 285,776,462</b>	<b>\$ 9,847,804</b>	<b>\$ 729,355</b>	<b>\$ 294,894,911</b>	<b>\$ 89,727,922</b>	<b>\$ 6,162,221</b>	<b>\$ 720,936</b>	<b>\$ 95,169,207</b>	<b>\$ 199,725,704</b>

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

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

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

2020 General	Opening NBV	Opening Cost	Additions	Disposals	Closing Balance	Opening Accumulated Amortization	Amortization	Deletions	Closing Accumulated Amortization	Total
Land	\$6,845,841	\$6,845,841	\$ –	\$ –	\$6,845,841	\$ –	\$ –	\$ –	\$ –	\$6,845,841
Land improvements	4,736,429	7,100,653	447,629	55,431	7,492,851	2,364,224	258,569	34,674	2,588,119	4,904,732
Buildings and fixtures	17,749,533	28,930,914	148,910	–	29,079,824	11,181,381	761,173	–	11,942,554	17,137,270
Machinery and equipment	5,102,337	8,322,604	233,852	58,051	8,498,405	3,220,267	482,154	49,861	3,652,560	4,845,845
Vehicles	4,189,834	8,977,494	1,987,031	608,009	10,356,516	4,787,660	579,094	535,573	4,831,181	5,525,335
Information technology	492,369	1,779,425	112,318	63,567	1,828,176	1,287,056	167,690	60,416	1,394,330	433,846
Exterior lighting	1,895,151	3,458,706	197,481	60,146	3,596,041	1,563,555	165,575	53,949	1,675,181	1,920,860
<b>Subtotal: General assets</b>	<b>41,011,494</b>	<b>65,415,637</b>	<b>3,127,221</b>	<b>845,204</b>	<b>67,697,654</b>	<b>24,404,143</b>	<b>2,414,255</b>	<b>734,473</b>	<b>26,083,925</b>	<b>41,613,729</b>
<b>Infrastructure</b>										
Linear assets	137,875,775	195,822,765	5,881,287	323,021	201,381,031	57,946,990	3,340,897	246,022	61,041,865	140,339,166
Street lighting	1,526,796	2,520,548	1,055,943	–	3,576,491	993,752	86,121	–	1,079,873	2,496,618
Other	2,561,849	3,999,163	221,769	–	4,220,932	1,437,314	84,945	–	1,522,259	2,698,673
<b>Subtotal: Infrastructure assets</b>	<b>141,964,420</b>	<b>202,342,476</b>	<b>7,158,999</b>	<b>323,021</b>	<b>209,178,454</b>	<b>60,378,056</b>	<b>3,511,963</b>	<b>246,022</b>	<b>63,643,997</b>	<b>145,534,457</b>
<b>Work in progress</b>										
Opening balance	7,471,124	7,471,124	11,715,449	–	19,186,573	–	–	–	–	19,186,573
Internally transferred	–	–	(10,286,219)	–	(10,286,219)	–	–	–	–	(10,286,219)
<b>Subtotal: Work in progress</b>	<b>7,471,124</b>	<b>7,471,124</b>	<b>1,429,230</b>	<b>–</b>	<b>8,900,354</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8,900,354</b>
<b>Grand total as at December 31, 2020</b>	<b>\$190,447,038</b>	<b>\$275,229,237</b>	<b>\$11,715,450</b>	<b>\$1,168,225</b>	<b>285,776,462</b>	<b>\$84,782,199</b>	<b>\$5,926,218</b>	<b>\$980,495</b>	<b>\$89,727,922</b>	<b>\$196,048,540</b>

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

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

### 14. Government transfers:

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

	Budget	2021	2020
Operating transfers:			
Federal	\$ 8,000	\$ 217,613	\$ 56,009
Provincial	604,174	1,151,335	1,743,696
Upper-Tier/Other Municipalities	96,900	1,029,963	227,060
	709,074	2,398,911	2,026,765
Capital transfers:			
Federal	555,364	581,645	368,063
Provincial	815,143	–	645,051
	1,370,507	581,645	1,013,114
Total transfers	\$ 2,079,581	\$ 2,980,556	\$ 3,039,879

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 \$1,203,655 (2020 - \$1,164,356) have not been 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, 2021

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### 16. Impact of COVID-19:

On March 11, 2020, 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 current challenging economic climate may lead to adverse changes in cash flows and working capital levels due to changes in patient volumes, which may also have a direct impact on the Town's operating results and financial position in the future.

At the date of the audit report, The Town of Niagara-on-the Lake experienced the following operating and financial implications in relation to the COVID-19 pandemic:

- Closure of parks and recreation facilities and administrative buildings throughout the year based on public health recommendations
- Mandatory working from home requirements for those able to do so

In response to the COVID-19 pressures, the Town obtained a \$10 million line of credit which bears interest at prime minus 0.75% per annum. No amounts were drawn on this line at December 31, 2021. For the year ended December 31, 2021, the Town received \$576,916 of one-time funding as a result of the COVID-19 pandemic. Of this amount, the Town recognized \$315,407 and deferred \$261,509 for use on future expenses relating to COVID-19 and transit expenditures. As of the approval date of these financial statements, the outcome and timeframe to a full recovery from the current pandemic is undeterminable and it is not practicable to estimate and disclose the financial effect on future operations, however the financial impact on the Town is not expected to be significant in the foreseeable future.



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

## Schedule of Library Fund Activities (Unaudited)

Year ended December 31, 2021, with comparative information for 2020

	Budget	2021	2020
Revenues:			
Development charges	\$ 16,200	\$ 16,866	\$ 14,524
Municipal grant	675,796	675,796	750,796
Donations	2,000	23,357	5,714
Provincial grants	35,276	35,476	35,476
Miscellaneous	5,000	11,213	35,905
Other grants	8,000	69,876	17,648
	742,272	832,584	860,063
Expenditures:			
Amortization	117,496	117,496	123,887
Building maintenance	4,500	5,106	1,208
Contracted services	5,000	1,265	–
Expensed capital projects	–	15,042	–
Insurance	5,653	6,042	6,923
Licensing and computer support	34,000	37,992	14,859
Memberships	1,500	2,493	1,401
General library expenses	23,500	24,679	14,518
Office supplies	35,000	55,384	56,657
Professional development	3,000	179	4,004
Professional fees	3,000	7,575	839
Program expenditures	3,000	13,091	5,162
Public relations	1,500	1,656	959
Rent	60,000	60,000	60,000
Telephone	1,800	3,066	3,218
Wage and benefits	614,320	653,070	572,582
Workshops	3,000	4,875	1,406
	916,269	1,009,011	867,623
Annual deficit	(173,997)	(176,427)	(7,560)
Add: Amortization of tangible capital assets	–	117,496	123,887
Less: Acquisition of tangible capital assets	–	(27,130)	(38,478)
Transfers from reserve fund	(56,500)	(58,931)	116,204
Adjusted annual (deficit) surplus	\$ (230,497)	\$ (144,992)	\$ 194,053



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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, 2021,
- the statement of operations and accumulated surplus 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, 2021, 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.



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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 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

August 22, 2022

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

## Statement of Financial Position – Trust Funds

As at December 31, 2021, with comparative information for 2020

	Cemetery Care & Maintenance	Cemetery Preneeds Internments	2021 Total	2020 Total
<b>Financial Assets</b>				
Cash	\$ 1,074,853	\$ 125,637	\$ 1,200,490	\$ 1,177,641
Due from Town of Niagara-on-the-Lake (note 2)	3,101	64	3,165	–
	1,077,954	125,701	1,203,655	1,177,641
<b>Liabilities</b>				
Due to Town of Niagara-on-the-Lake (note 2)	–	–	–	13,285
<b>Net financial assets and accumulated surplus</b>	<b>\$1,077,954</b>	<b>\$ 125,701</b>	<b>\$1,203,655</b>	<b>\$ 1,164,356</b>

See accompanying notes to financial statements.

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

## Statement of Operations and Accumulated Surplus – Trust Funds

Year ended December 31, 2021, with comparative information for 2020

	Cemetery Care & Maintenance	Cemetery Preneeds Internments	2021 Total	2020 Total
Revenues:				
Care & maintenance agreements	\$ 42,229	\$ –	\$ 42,229	\$ 52,393
Interest earned	7,551	843	8,394	12,337
	49,780	843	50,623	64,730
Expenditures:				
Interest transferred	7,551	–	7,551	10,835
Cemetery preneeds	–	3,773	3,773	5,583
	7,551	3,773	11,324	16,418
Annual surplus (deficit)	42,229	(2,930)	39,299	48,312
Accumulated surplus, beginning of year	1,035,725	128,631	1,164,356	1,116,044
Accumulated surplus, end of year	\$1,077,954	\$ 125,701	\$ 1,203,655	\$1,164,356

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, 2021 with comparative information for 2020

	2021	2020
Operations:		
Annual surplus	\$ 39,299	\$ 48,312
Uses:		
Change in due to/from Town of Niagara-on-the-Lake	(16,450)	(11,007)
Increase in cash	22,849	37,305
Cash, beginning of year	1,177,641	1,140,336
Cash, end of year	\$ 1,200,490	\$ 1,177,641

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, 2021

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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 from/to Town of Niagara-on-the-Lake:

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