

Consolidated Financial Statements of

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

And Independent Auditor's Report Thereon

Year ended December 31, 2022



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INDEPENDENT AUDITOR'S 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, 2022;
- 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, 2022 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

Auditor's 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 auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

August 17, 2023

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

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash	\$ 22,333,108	\$ 21,032,114
Taxes receivable		
Current year	1,606,879	1,294,953
Previous years	1,119,889	921,394
Accounts receivable	9,203,458	8,713,574
Debt recoverable from others (note 6)	15,399	19,962
Note receivable (note 3)	4,591,648	5,275,214
Long-term investment (note 2)	23,626,199	22,589,527
	62,496,580	59,846,738
Liabilities		
Accounts payable and accrued liabilities	14,611,564	13,707,477
Deferred revenue (note 4)	12,650,043	13,401,092
Post-employment benefits (note 5)	1,249,498	1,325,043
Net long term liabilities (note 6)	5,476,721	6,042,567
	33,987,826	34,476,179
Net financial assets	28,508,754	25,370,559
Non-financial assets		
Tangible capital assets (note 13)	201,506,850	199,725,704
Inventories and prepaid expenses	347,740	322,050
	201,854,590	200,047,754
Commitments (note 8)		
Contingent liabilities (note 9)		
Impact of COVID-19 (note 16)		
Accumulated surplus (note 7)	\$ 230,363,344	\$ 225,418,313

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, 2022, with comparative information for 2021

	Budget (note 12)	2022	2021
Revenues			
Taxation	\$ 15,453,023	\$ 15,548,259	\$ 14,707,070
User fees and charges	14,147,377	16,497,073	15,450,167
Government of Canada grants (note 14)	563,364	309,908	799,258
Province of Ontario grants (note 14)	2,249,712	3,394,842	1,151,335
Other municipality funding (note 14)	96,900	169,119	1,029,963
Other deferred revenues earned	1,194,348	2,212,760	1,676,028
Interest and penalties	456,000	466,458	467,076
Investment income	446,994	613,649	367,078
Donations	28,300	199,204	57,227
Contributed assets	26,500	26,500	-
Other	2,980,606	2,581,653	1,567,168
Equity income of Niagara-on-the-Lake Energy Inc. (note 2)	-	1,786,672	1,515,996
Total revenues	37,643,124	43,806,097	38,788,366
Expenses			
General government	3,604,072	4,017,202	3,396,204
Protection services	4,956,454	4,400,406	4,192,850
Transportation services	9,348,305	9,329,484	8,109,422
Environmental services	14,539,415	13,187,941	12,162,504
Health services	269,668	484,060	684,149
Recreation	3,915,042	5,752,859	5,518,555
Planning and development	2,352,500	1,689,114	1,800,279
Total expenses	38,985,456	38,861,066	35,863,963
Annual surplus (deficit)	(1,342,332)	4,945,031	2,924,403
Accumulated surplus, beginning of year	225,418,313	225,418,313	222,493,910
Accumulated surplus, end of year	\$ 224,075,981	\$ 230,363,344	\$ 225,418,313

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, 2022, with comparative information for 2021

	2022	2021
Annual surplus	\$ 4,945,031	\$ 2,924,403
Acquisition of tangible capital assets	(8,245,382)	(9,847,804)
Contributed tangible capital assets	(26,500)	-
Amortization of tangible capital assets	6,407,767	6,162,221
Proceeds on disposal of tangible capital assets	20,952	83,504
(Gain) loss on disposal of tangible capital assets	62,017	(75,085)
Change in inventories and prepaid expenses	(25,690)	(40,415)
	3,138,195	(793,176)
Net financial assets, beginning of year	25,370,559	26,163,735
Net financial assets, end of year	\$ 28,508,754	\$ 25,370,559

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, 2022, with comparative information for 2021

	2022	2020
Operations		
Annual surplus	\$ 4,945,031	\$ 2,924,403
Items not involving cash:		
Amortization of tangible capital assets	6,407,767	6,162,221
Niagara-on-the-Lake Energy net income	(1,786,672)	(1,515,996)
Contributed/donated tangible capital assets	(26,500)	-
Loss on disposal of tangible capital assets	62,017	(75,085)
	9,601,643	7,495,543
Change in non-cash assets and liabilities:		
Taxes receivable	(510,421)	343,803
Accounts receivable	(489,884)	(3,578,402)
Inventories and prepaid expenses	(25,690)	(40,415)
Accounts payable and accrued liabilities	904,087	2,930,523
Deferred revenue	(751,049)	664,521
Post-employment benefits	(75,545)	99,183
Cash from operations	8,653,141	7,914,756
Capital		
Proceeds on disposal of tangible capital assets	20,952	83,504
Acquisition of tangible capital assets	(8,245,382)	(9,847,804)
Cash used in capital activities	(8,224,430)	(9,764,300)
Investing		
Dividend received	750,000	750,000
Change in debt recoverable from others	4,563	5,087
Collection of note receivable	683,566	654,658
Cash from investing activities	1,438,129	1,409,745
Financing		
Long-term debt issued	-	1,374,180
Debt principal repayments	(565,846)	(423,053)
Cash from (used in) financing activities	(565,846)	951,127
Increase in cash	1,300,994	511,328
Cash, beginning of year	21,032,114	20,520,786
Cash, end of year	\$ 22,333,108	\$21,032,114

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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:

	2022	2021
Assets:		
Current	\$ 6,850,926	\$ 6,569,271
Capital	38,504,426	37,216,933
Other non-current	7,491,336	7,296,351
Regulatory balances	2,965,078	1,461,952
Total assets and regulatory balances	\$ 55,811,766	\$ 52,544,507
Liabilities:		
Current	\$ 5,261,995	\$ 6,537,752
Notes payable to Town of Niagara-on-the-Lake	4,591,647	5,275,213
Long-term debt	11,404,702	8,091,360
Other	10,611,062	9,601,773
Regulatory balances	316,161	448,882
Equity	23,626,199	22,589,527
Total liabilities, regulatory balances and equity	\$ 55,811,766	\$ 52,544,407

Operations:

	2022	2021
Revenue	\$ 31,529,368	\$ 32,525,433
Expenses (including income tax provision)	(31,501,376)	(31,593,613)
Net movement in regulatory balances (net of tax)	1,635,847	584,176
Net income and net movement in regulatory balances	1,663,839	1,515,996
Other comprehensive income	122,833	-
Net income and net movement in regulatory balances	1,786,672	1,515,996
Dividend paid to Town of Niagara-on-the-Lake	(750,000)	(750,000)
Change in investment in Niagara-on-the-Lake Energy Inc.	\$ 1,036,672	\$ 765,996

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

	2022	2021
Investment in shares of the Corporation	\$ 7,054,844	\$ 7,054,844
Accumulated net income, net of dividends received	16,571,355	15,534,683
Total investment in Niagara-on-the-Lake Energy Inc.	\$ 23,626,199	\$ 22,589,527

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

Notes to Consolidated Financial Statements

Year ended December 31, 2022

2. Long-term investments (continued):

NOTLEI delivered electricity to the Town and related organizations in the amount of \$773,610 (2021 - \$829,549) and provided locate services to the Town in the amount of \$197,793 (2021 - \$237,434).

3. Note receivable:

The notes receivable are comprised of the following:

	2022	2021
Note 1	\$ 1,252,606	\$ 1,406,046
Note 2	718,381	1,039,190
Note 3	650,661	859,978
Note 4	1,970,000	1,970,000
	<u>\$ 4,591,648</u>	<u>\$ 5,275,214</u>

Note 1 bears interest at 7.25%, is unsecured and is repayable annually in the aggregate principal and interest of \$250,000 (2021 - \$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, 2023. 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, 2022

4. Deferred revenue (continued):

The deferred revenues are made up of the following:

	2021	Externally restricted inflows	Revenue earned	2022
Building permit surplus	\$ 426,337	\$ -	\$ 348,518	\$ 77,819
Canada Community Building Fund	943,418	585,204	21,257	1,507,365
Cash-in-lieu of parking	353,331	-	-	353,331
Development charges	8,848,939	623,192	1,194,348	8,277,783
Ontario Community Infrastructure Fund	1,054,499	1,653,747	1,481,851	1,226,394
Recreational land	881,055	225,053	408,415	695,693
Provincial Modernization Fund	367,626	-	261,480	106,146
Other deferred	264,380	262,614	121,481	405,512
Safe Restart – COVID-19	261,509	-	261,509	-
	\$13,401,092	\$ 3,349,810	\$ 4,098,859	\$ 12,650,043

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.

	2022	2021
Retiree benefits	\$ 565,997	\$ 573,015
Accrued vacation pay	439,269	509,100
Accumulated sick leave	47,127	45,823
Future payments required to WSIB	197,105	197,105
	\$ 1,249,498	\$ 1,325,043

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

Notes to Consolidated Financial Statements

Year ended December 31, 2022

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

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

	2022	2021
Accrued benefit obligation:		
Balance, beginning of year	\$ 1,344,490	\$ 1,293,672
Current benefit cost	(32,711)	136,843
Interest	20,312	20,461
Actuarial Gain	-	(47,761)
Benefits paid	(63,750)	(58,725)
Balance, end of year	1,268,341	1,344,490
Unamortized actuarial loss	(18,843)	(19,447)
Liability for benefits	\$ 1,249,498	\$ 1,325,043

Amortization of the actuarial loss of \$604 (2021 - \$604) 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, 2022 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, 2022 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").

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

Notes to Consolidated Financial Statements

Year ended December 31, 2022

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% (2021 – 3.25%).

Inflation:

Inflation was assumed to be 1.75% (2021 - 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 (2021 - 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 2022 was \$898,721 (2021 - \$892,580) for current service and is included as an expenditure in the consolidated statement of operations. Employees' contribution to OMERS in 2022 was \$898,721 (2021 - \$892,580).

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 \$64,900 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, 2022 of \$6.7 billion (2021 - \$3.1 billion deficit) 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, 2022

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:

	2022	2021
The Town has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities.	\$ 5,476,721	\$ 6,042,567
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage, have been assumed by individuals.	(15,399)	(19,962)
Net long-term liabilities, end of year	\$ 5,461,322	\$ 6,022,605

- (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:

2023	\$ 518,841
2024	533,912
2025	530,817
2026	451,488
2027	463,914
Thereafter	2,962,350
	\$ 5,461,322

- (d) Interest charges on long-term debt in the amount of \$161,532 (2021 - \$146,336) 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, 2022

7. Accumulated surplus:

	2022	2021
Invested in tangible capital assets	\$ 201,506,850	\$ 199,725,704
Operating fund	(4,377,729)	(3,885,611)
Reserves and reserve funds	16,318,844	14,336,341
Investment in Niagara-on-the-Lake Energy Inc.	23,626,199	22,589,527
	237,074,164	232,765,961
Amounts to be recovered		
Post-employment benefits	(1,249,498)	(1,325,043)
Net long-term liabilities	(5,461,322)	(6,022,605)
	(6,710,820)	(7,347,648)
	\$ 230,363,344	\$ 225,418,313

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

Notes to Consolidated Financial Statements

Year ended December 31, 2022

7. Accumulated surplus (continued):

Reserve and reserve balances:

	2022	2021
Reserves set aside by Council for specific purposes:		
Base mapping	\$ 700	\$ 700
Bridges and culverts	25,958	31,020
Building vehicle and equipment	69,643	60,643
By-law vehicle and equipment	42,757	28,632
Capital levy	1,979,565	1,762,326
Community centre	13,591	13,591
Contingencies	30,684	130,099
Corporate studies	17,590	20,049
COVID 19	-	-
Debt reduction	245,136	181,030
Dock area improvement	167,846	156,069
Donations	367,471	342,400
Election expenses	20,000	36,059
Fire Vehicle & Equipment	(26,074)	-
Fleet replacement	(32,640)	142,423
Grant and other	182,542	(56,251)
Irrigation	339,946	347,571
Municipal Accommodation Tax	226,574	-
Ontario disabilities	185,138	169,213
OMB appeals	55,731	155,731
Parking revenue	1,994,323	940,356
Road improvements	-	(337)
Sidewalk improvements	31,694	31,694
Storm water management	738,778	117,954
Street lighting	9,617	2,335
Tax rate stabilization	121	72,000
Training and development	11,857	11,857
Tree Cash-in-Lieu	6,950	-
Wastewater capital improvements	4,397,088	3,341,792
Wastewater rate stabilization	228,428	228,428
Water capital improvements	4,621,314	5,628,348
Water rate stabilization	194,486	194,486
Winter maintenance	8,692	85,192
Working funds	50,000	50,000
Total reserves	\$ 16,205,506	\$ 14,225,410
Reserve funds set aside by Council for specific purposes:		
Bequest/Garden	6,986	8,371
Library development and computer	11,017	17,192
Library donations	38,725	28,757
Recreation enhancement	56,610	56,611
	113,338	110,931
Total reserves and reserve funds	\$ 16,318,844	\$ 14,336,341

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

Notes to Consolidated Financial Statements

Year ended December 31, 2022

8. Commitments:

(a) Capital expenditures:

The estimated future capital expenditures based on projects in progress at December 31, 2022 is approximately \$6,523,527 (2021 - \$8,234,360) after deducting the expenditures incurred as at December 31, 2022. 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 \$927,128 is owing on this commitment at December 31, 2022 (2021 - \$1,030,142)

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:

	2022	2021
Niagara District Airport Commission	\$ 58,820	\$ 57,467

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, 2022

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, 2022

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.

Tax Revenue Breakdown -The Town levies four forms of taxation to fund various aspects of Operations as follows:

1. The **General Levy** is the Town's main revenue source in addition to user fees and represents the overall net budget (Total Expenses less Total Revenues) related to levy supported activities. This includes both operating and capital funding for Fire and Emergency Services, Roads Operations, Parks and Recreation Operations, Planning and Development Services, Library Services, and other General Administrative functions.
2. The Town's **Storm Levy** is a special tax only directed towards Urban landowners who are the beneficiaries of the existing services.
3. The **Niagara Health System Levy** is described in Note 9 summarized as the Town's local share of the construction costs associated with the Niagara Health System hospital in St. Catharines.
4. The **Municipal Accommodation Tax ("MAT")** is a new tax the Town introduced in 2022 through by-law 5435-22 and is applicable to accommodation establishments with 5 or more rooms. Funds generated from the program will be placed into a special reserve to be used for tourism promotion, Town capital infrastructure and tourism initiatives. Criteria for use of funds will be developed through a MAT committee in 2023.

The Town recognized \$15,548,259 (2021 - \$14,707,070) in Property Tax revenue and \$453,149 (2021 - \$nil) in Municipal Accommodation Tax revenue which is recognized in other revenues, in 2022 as follows:

Tax Levy	2022 Revenue	2021 Revenue
General	\$ 14,547,961	\$ 13,951,499
Storm	897,289	467,618
NHS	103,009	287,953
Sub-total Property Tax Revenue	15,548,259	14,707,070
Municipal Accommodation Tax	453,149	-
Total Tax Revenues	\$ 16,001,408	\$ 14,707,070

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

Notes to Consolidated Financial Statements

Year ended December 31, 2022

11. Segmented reporting (continued):

2022								
	General Government	Protection	Transportation	Environment	Health	Recreation	Planning and Development	Total
Revenues:								
Taxation	\$ 4,979,694	\$ 2,200,033	\$ 3,938,526	\$ -	\$ 147,511	\$ 3,703,932	\$ 578,563	\$ 15,548,259
User fees and charges	302,592	775,411	2,705,557	11,636,122	269,548	299,963	507,880	16,497,073
Government grants	1,159,493	(12,869)	2,279,503	-	-	435,603	12,139	3,873,869
Other	2,173,796	395,715	781,017	1,104,673	-	1,618,523	-	6,073,724
Contributed assets	26,500	-	-	-	-	-	-	26,500
Equity income in NOTLEI Inc.	1,786,672	-	-	-	-	-	-	1,786,672
Total revenues	10,428,747	3,358,290	9,704,603	12,740,795	417,059	6,058,021	1,098,582	43,806,097
Expenses:								
Salaries and wages	4,117,738	2,317,669	2,597,575	1,468,908	155,798	2,394,235	999,781	14,051,704
Operating materials and supplies	1,278,395	555,930	1,301,253	756,368	150,705	1,522,831	127,697	5,693,179
Contracted services	1,599,959	240,207	2,273,857	7,100,337	953	126,474	273,426	11,615,213
Rents and financial expenses	144,887	166	82,254	6,817	-	10,704	-	244,828
Interfunctional transfers	(3,963,653)	519,500	1,049,510	1,530,354	42,291	634,663	187,335	-
Amortization	330,704	730,771	1,984,563	2,317,319	31,299	1,001,891	11,220	6,407,767
Loss on sale of tangible capital assets	61,826	-	-	-	-	-	-	61,826
External transfers	423,664	-	-	-	103,014	900	36,278	563,856
Debt service	23,682	36,163	40,472	7,838	-	61,161	53,377	222,693
Total expenses	4,017,202	4,400,406	9,329,484	13,187,941	484,060	5,752,859	1,689,114	38,861,066
Annual surplus (deficit)	\$ 6,411,546	\$ (1,042,116)	\$ 375,119	\$ (447,146)	\$ (67,001)	\$ 305,161	\$ (590,532)	\$ 4,945,031

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

Notes to Consolidated Financial Statements

Year ended December 31, 2022

11. Segmented reporting (continued):

2021								
	General Government	Protection	Transportation	Environment	Health	Recreation	Planning and 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
Contributed assets	-	-	-	-	-	-	-	-
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, 2022

12. Budget data:

The audited budget data presented in these consolidated financial statements are based upon the 2022 operating and capital budgets approved by Council on January 31, 2022. 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 2022 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
Revenue:	
Operating budget as approved	\$ 40,261,190
Add:	
Development charges	1,194,348
Building Code Act	819,871
Recreational Land (the Planning Act)	408,414
Contributed tangible capital assets	26,500
Less:	
Transfers from other funds	(4,220,293)
Principal and dividends from NOTLEI	(846,906)
Total revenue	37,643,124
Expenses:	
Operating budget as approved	40,261,190
Add:	
Amortization	6,407,767
Employee future benefits	(75,545)
Capital projects resulting in operating expenses	436,501
Loss on disposal of tangible capital assets	61,826
Less:	
Transfer to reserves, including capital	(7,354,664)
Debt principal payments	(751,619)
Total expenses	38,985,456
Annual Deficit	\$ (1,342,332)

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

Notes to Consolidated Financial Statements

Year ended December 31, 2022

13. Tangible capital assets:

(a) Work in progress:

Work in progress having a value of \$6,206,196 (2021 - \$8,868,406) 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 \$26,500 (2021 - \$ 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 (2021 - \$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, 2022

13. Tangible capital assets (continued):

2022 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	\$ 374,292	\$ -	\$ 7,220,133	\$ -	\$ -	\$ -	\$ -	\$ 7,220,133
Land improvements	5,004,324	7,851,209	767,534	47,235	8,571,508	2,846,885	274,530	36,655	3,084,760	5,486,748
Buildings and fixtures	18,542,249	31,286,107	260,320	-	31,546,427	12,743,858	843,498	-	13,587,356	17,959,072
Machinery and equipment	5,468,929	9,595,890	529,395	799	10,124,486	4,126,961	491,534	608	4,617,887	5,506,598
Vehicles	6,814,486	11,834,226	1,171,185	72,043	12,933,368	5,019,740	731,227	72,043	5,678,924	7,254,444
Information technology	373,171	1,847,107	300,320	131,254	2,016,173	1,473,936	152,950	126,133	1,500,754	515,419
Exterior lighting	1,969,947	3,666,716	836,553	32,186	4,471,083	1,696,769	182,856	32,186	1,847,439	2,623,644
Subtotal: General assets	45,018,947	72,927,096	4,239,599	283,517	76,883,178	27,908,149	2,676,595	267,625	30,317,120	46,566,058
Infrastructure										
Linear assets	140,818,101	205,289,307	6,518,944	260,941	211,547,310	64,471,206	3,541,337	193,864	67,818,679	143,728,631
Street lighting	2,407,673	3,589,169	131,202	-	3,720,371	1,181,496	103,181	-	1,284,677	2,435,694
Other	2,612,576	4,220,932	44,348	-	4,265,280	1,608,356	86,654	-	1,695,010	2,570,270
Subtotal: Infrastructure assets	145,838,350	213,099,408	6,694,494	260,941	219,532,961	67,261,058	3,731,172	193,864	70,798,366	148,734,595
Work in progress										
Opening balance	8,868,407	8,868,407	8,271,883	-	17,140,290	-	-	-	-	17,140,290
Internally transferred	-	-	(10,934,093)	-	(10,934,093)	-	-	-	-	(10,934,093)
Subtotal: Work in progress	8,868,407	8,868,407	(2,662,210)	-	6,206,197	-	-	-	-	6,206,197
Grand total as at December 31, 2022	\$ 199,725,704	\$ 294,894,911	\$ 8,271,883	\$ 544,458	\$302,622,336	\$ 95,169,207	\$ 6,407,767	\$ 461,489	\$101,115,486	\$201,506,850

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

Notes to Consolidated Financial Statements

Year ended December 31, 2022

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
Subtotal: General assets	41,613,729	67,697,654	5,929,909	700,467	72,927,096	26,083,925	2,523,293	699,069	27,908,149	45,018,947
Infrastructure										
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
Subtotal: Infrastructure assets	145,534,457	209,178,454	3,949,842	28,888	213,099,408	63,643,997	3,638,928	21,867	67,261,058	145,838,350
Work in progress										
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)
Subtotal: Work in progress	8,900,354	8,900,354	(31,947)	-	8,868,407	-	-	-	-	8,868,407
Grand total as at December 31, 2021	\$ 196,048,540	\$ 285,776,462	\$ 9,847,804	\$ 729,355	\$ 294,894,911	\$ 89,727,922	\$ 6,162,221	\$ 720,936	\$ 95,169,207	\$ 199,725,704

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

Notes to Consolidated Financial Statements

Year ended December 31, 2022

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	2022	2021
Operating transfers:			
Federal	\$ 8,000	\$ 288,651	\$ 217,613
Provincial	629,008	1,912,991	1,151,335
Upper-Tier/Other Municipalities	96,900	169,119	1,029,963
	733,908	2,370,761	2,398,911
Capital transfers:			
Federal	555,364	21,257	581,645
Provincial	1,620,704	1,481,851	-
	2,176,068	1,503,108	581,645
Total transfers	\$ 2,909,976	\$ 3,873,869	\$ 2,980,556

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 \$1,246,213 (2021 - \$1,203,655) 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, 2022

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, 2022. For the year ended December 31, 2022, the Town received \$579,962 of one-time funding to assist with Transit Operations as a result of the COVID-19 pandemic. As of the approval date of these financial statements, the outcome and timeframe to a full recovery from the current pandemic is undeterminable, 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, 2022, with comparative information for 2021

	Budget	2022	2021
Revenues:			
Development charges	\$ 16,380	\$ 15,329	\$ 16,866
Municipal grant	786,279	786,279	675,796
Donations	3,800	5,705	23,357
Federal grants	-	68,680	-
Provincial grants	35,276	35,476	35,476
Miscellaneous	9,000	14,963	11,213
Other grants	8,000	27,147	69,876
	<u>858,735</u>	<u>953,579</u>	<u>832,584</u>
Expenditures:			
Amortization	124,487	124,487	117,496
Building maintenance	5,000	7,029	5,106
Contracted Services	4,000	4,677	1,265
Expensed capital projects	-	-	15,042
Insurance	6,557	6,846	6,042
Licensing and computer support	32,000	25,012	37,992
Memberships	1,500	1,644	2,493
General library expenses	29,850	28,775	24,679
Office supplies	33,400	48,956	55,384
Professional development	1,500	512	179
Professional fees	2,500	486	7,575
Program expenditures	5,750	3,802	13,091
Public relations	1,500	1,899	1,656
Rent	60,000	60,000	60,000
Telephone	2,000	3,232	3,066
Wage and benefits	653,028	654,368	653,070
Workshops	3,000	2,436	4,875
	<u>966,072</u>	<u>974,161</u>	<u>1,009,011</u>
Annual deficit before the undernoted	(107,337)	(20,582)	(176,427)
Add: Amortization of tangible capital assets	-	124,487	117,496
Less: Acquisition of tangible capital assets	-	(182,510)	(27,130)
Transfers to/(from) reserve fund	17,150	103,905	(58,931)
Annual (deficit) surplus	\$ (90,187)	\$ 25,300	\$ (144,992)



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INDEPENDENT AUDITOR'S 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, 2022,
- 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, 2022, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.



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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.

Auditor's 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 auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditor's 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.



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- 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

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

August 17, 2023

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

Statement of Financial Position – Trust Funds

As at December 31, 2022, with comparative information for 2021

	Cemetery Care & Maintenance	Cemetery Preneeds Internments	2022 Total	2021 Total
Financial Assets				
Cash	\$ 1,154,855	\$ 119,582	\$ 1,274,437	\$ 1,200,490
Due from Town of Niagara-on-the-Lake (note 2)	-	-	-	3,165
	1,154,855	119,582	1,274,437	1,203,655
Liabilities				
Due to Town of Niagara-on-the-Lake (note 2)	28,218	5	28,223	-
Net financial assets and accumulated surplus	\$1,126,637	\$ 119,577	\$1,246,214	\$ 1,203,655

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, 2022, with comparative information for 2021

	Cemetery Care & Maintenance	Cemetery Preneeds Internments	2022 Total	2021 Total
Revenues:				
Care & maintenance agreements	\$ 48,683	\$ -	\$ 48,683	\$ 42,229
Interest earned	25,915	2,793	28,708	8,394
	74,598	2,793	77,391	50,623
Expenditures:				
Interest transferred	25,915	-	25,915	7,551
Cemetery preneeds	-	8,917	8,917	3,773
	25,915	8,917	34,832	11,324
Annual surplus (deficit)	48,683	(6,124)	42,559	39,299
Accumulated surplus, beginning of year	1,077,954	125,701	1,203,655	1,164,356
Accumulated surplus, end of year	\$1,126,637	\$ 119,577	\$ 1,246,214	\$1,203,655

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, 2022 with comparative information for 2021

	2022	2021
Operations:		
Annual surplus	\$ 42,559	\$ 39,299
Uses:		
Change in due to/from Town of Niagara-on-the-Lake	31,388	(16,450)
Increase in cash	73,947	22,849
Cash, beginning of year	1,200,490	1,177,641
Cash, end of year	\$ 1,274,437	\$ 1,200,490

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, 2022

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.