

Consolidated Financial Statements of

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

And Independent Auditor's Report Thereon

Year ended December 31, 2024



KPMG LLP

80 King Street, Suite 620
St. Catharines, ON L2R 7G1
Canada
Telephone 905 685 4811
Fax 905 682 2008

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 Town), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- 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 Town as at December 31, 2024 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 Town in accordance with the ethical requirements that relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Town'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 Town or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town'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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 Town'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 Town 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

August 7, 2025

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

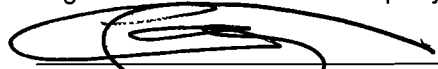
Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023


	2024	2023
Financial assets		
Cash	\$ 37,525,975	\$ 30,594,065
Taxes receivable		
Current year	3,578,082	2,025,902
Previous years	1,596,430	1,131,061
Accounts receivable	11,561,584	9,656,315
Debt recoverable from others (note 6)	36,752	47,862
Note receivable (note 3)	1,486,986	3,877,726
Long-term investment (note 2)	27,963,583	23,649,994
	83,749,392	70,982,925
Liabilities		
Accounts payable and accrued liabilities	15,426,744	16,042,696
Deferred revenue (note 4)	17,166,572	13,975,138
Post-employment benefits (note 5)	1,257,602	1,248,301
Net long term liabilities (note 6)	8,394,463	6,753,193
Asset retirement obligation (note 14)	1,445,689	1,390,086
	43,691,070	39,409,414
Net financial assets	40,058,322	31,573,511
Non-financial assets		
Tangible capital assets (note 13)	207,158,139	203,963,150
Inventories and prepaid expenses	421,373	499,958
	207,579,512	204,463,108
Commitments (note 8)		
Contingent liabilities (note 9)		
Accumulated surplus (note 7)	\$ 247,637,834	\$ 236,036,619

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, 2024, with comparative information for 2023

	Budget (note 12)	2024	2023
Revenues			
Taxation	\$ 18,020,577	\$ 18,340,860	\$ 16,929,863
User fees and charges	17,379,098	19,891,328	18,033,613
Government of Canada grants (note 15)	608,129	473,632	1,831,181
Province of Ontario grants (note 15)	1,810,059	2,236,733	2,278,164
Other municipality funding (note 15)	61,900	212,098	438,144
Other deferred revenues earned	234,213	419,550	500,270
Interest and penalties	456,000	587,012	536,604
Investment income	822,338	1,580,394	1,256,602
Donations	20,043	145,586	278,295
Contributed assets	—	—	671,693
Other	4,200,340	5,250,049	3,539,169
Equity income of Niagara-on-the-Lake Energy Inc. (note 2)	—	8,063,589	773,795
Total revenues	43,612,697	57,200,831	47,067,393
Expenses			
General government	5,682,060	7,569,648	5,599,608
Protection services	5,768,058	5,496,217	4,832,137
Transportation services	9,391,460	9,421,518	8,915,204
Environmental services	16,138,817	14,461,820	13,257,633
Health services	332,141	575,666	528,289
Recreation	4,213,074	6,079,124	5,524,269
Planning and development	3,034,696	1,995,623	1,821,238
Total expenses	44,560,306	45,599,616	40,478,378
Annual surplus (deficit)	(947,609)	11,601,215	6,589,015
Other comprehensive income of Niagara-on-the-Lake Energy Inc.	—	—	—
Accumulated surplus, beginning of year	236,036,619	236,036,619	229,447,604
Accumulated surplus, end of year	\$ 235,089,010	\$ 247,637,834	\$ 236,036,619

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, 2024, with comparative information for 2023

	2024	2023
Annual surplus	\$ 11,601,215	\$ 6,589,015
Acquisition of tangible capital assets	(10,169,675)	(8,250,534)
Contributed tangible capital assets	—	(671,693)
Amortization of tangible capital assets	6,936,961	6,655,221
Proceeds on disposal of tangible capital assets	5,432	40,235
Loss on disposal of tangible capital assets	32,293	244,817
Change in inventories and prepaid expenses	78,585	(152,218)
	8,484,811	4,454,843
Net financial assets, beginning of year	31,573,511	27,118,668
Net financial assets, end of year	\$ 40,058,322	\$ 31,573,511

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, 2024, with comparative information for 2023

	2024	2023
Operations		
Annual surplus	\$ 11,601,215	\$ 6,589,015
Items not involving cash:		
Amortization of tangible capital assets	6,936,961	6,655,221
Niagara-on-the-Lake Energy net income	(8,063,589)	(773,795)
Contributed/Donated tangible capital assets	—	(671,693)
Loss on disposal of tangible capital assets	32,293	244,817
Asset Retirement Obligation Adjustments	23,785	—
	10,530,665	12,043,565
Change in non-cash assets and liabilities:		
Taxes receivable	(2,017,549)	(430,195)
Accounts receivable	(1,905,269)	(452,857)
Inventories and prepaid expenses	78,585	(152,218)
Accounts payable and accrued liabilities	(615,952)	1,431,130
Deferred revenue	3,191,434	1,325,095
Post-employment benefits	9,301	(1,197)
Cash from operations	9,271,215	13,763,323
Capital		
Proceeds on disposal of tangible capital assets	5,433	40,237
Acquisition of tangible capital assets	(10,137,858)	(8,250,534)
Cash used in capital activities	(10,132,425)	(8,210,297)
Investing		
Dividend received	3,750,000	750,000
Change in debt recoverable from others	11,110	(32,463)
Collection of note receivable	2,390,740	713,922
Cash from investing	6,151,850	1,431,459
Financing		
Long-term debt issued	2,259,124	1,822,811
Debt principal repayments	(617,854)	(546,339)
Cash from financing	1,641,270	1,276,472
Increase in cash	6,931,910	8,260,957
Cash, beginning of year	30,594,065	22,333,108
Cash, end of year	\$ 37,525,975	\$30,594,065

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, 2024

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, 2024

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.

A statement of accumulated remeasurement gains/losses has not been presented as there are no items to report.

(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, 2024

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) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in several of the buildings owned by the Town has been recognized based on estimated future expenses on closure of the site and post-closure care. These estimates are based on a financial model. Inputs including structure type, square footage, and year built, in conjunction with specific rates to be applied to each facility based on this criteria. Adjustments are made annually as required (i.e. inflation, disposals, etc.).

(iii) Inventories:

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

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

Notes to Consolidated Financial Statements

Year ended December 31, 2024

1. Significant accounting policies (continued):

(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.

(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:

Investments such as GIC's and portfolio investments are recorded at amortized cost or fair value depending on the nature of the investment. 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. The town held no investments at December 31, 2023 (2022 – nil)

(i) Other income:

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

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

Notes to Consolidated Financial Statements

Year ended December 31, 2024

1. Significant accounting policies (continued):

(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.

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.

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

Notes to Consolidated Financial Statements

Year ended December 31, 2024

1. Significant accounting policies (continued):

(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.

(o) Change in accounting policies:

The Town adopted the following standards concurrently beginning January 1, 2024: PS 3400 Revenue, PSG – 8 Purchased Intangibles and PS 3160 Public Private Partnerships.

PS 3400 Revenue establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligation (i.e., the payor expects a good or service from the Town), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

For exchange transactions, revenue is recognized when a measurable component of a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

PSG- 8 Purchased Intangibles provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

PS 3160 Public Private Partnerships ("P3s") provide specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

The Town has adopted these standards on a prospective basis and these new standards did not have a significant impact on the consolidated financial statements.

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

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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:

	2024	2023
Assets:		
Current	\$ 13,424,937	\$ 7,254,035
Capital	42,989,787	40,538,979
Other non-current	—	5,279,982
Regulatory balances	2,444,967	2,684,702
Total assets and regulatory balances	\$ 58,859,691	\$ 55,757,698
Liabilities:		
Current	\$ 9,556,334	\$ 7,975,901
Notes payable to Town of Niagara-on-the-Lake	1,161,986	3,877,725
Long-term debt	9,412,378	10,349,575
Other	9,943,755	9,649,173
Regulatory balances	821,655	255,330
Equity	27,963,583	23,649,994
Total liabilities, regulatory balances and equity	\$ 58,859,691	\$ 55,757,698

Operations:

	2024	2023
Revenue	\$ 47,263,123	\$ 34,061,231
Expenses (including income tax provision)	(38,393,474)	(33,063,518)
Net movement in regulatory balances (net of tax)	(806,060)	(223,918)
Net income and net movement in regulatory balances	8,063,589	773,795
Other comprehensive loss	—	—
Dividend income paid to Town of Niagara-on-the-Lake	(3,750,000)	(750,000)
Change in investment in Niagara-on-the-Lake Energy Inc.	\$ 4,313,589	\$ 23,795

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

	2024	2023
Investment in shares of the Corporation	\$ 7,054,844	\$ 7,054,844
Accumulated net income, net of dividends received	20,908,739	16,571,355
Total investment in Niagara-on-the-Lake Energy Inc.	\$ 27,963,583	\$ 23,626,199

NOTLEI delivered electricity to the Town and related organizations in the amount of \$868,611 (2023 - \$830,957) and provided locate services to the Town in the amount of \$191,356 (2023 - \$171,077).

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

Notes to Consolidated Financial Statements

Year ended December 31, 2024

2. Long-term investments (continued):

During the year, NOTLEI sold shares in its investment, held by one of its subsidiaries, in Niagara Regional Broadband Network Limited. The acquisition was completed on February 5, 2024. The Town received \$3,000,000 in proceeds resulting from this transaction as reflected in dividend payments within the NOTLEI equity share on the Financial Statements.

3. Note receivable:

The notes receivable are comprised of the following:

	2024	2023
Note 1	\$ 910,359	\$ 1,087,665
Note 2	42,162	386,163
Note 3	209,465	433,898
Note 4	—	1,970,000
Note 5	325,000	—
	<u>\$ 1,486,986</u>	<u>\$ 3,877,726</u>

Note 1 bears interest at 7.25%, is unsecured and is repayable annually in the aggregate principal and interest of \$250,000 (2022 - \$250,000). Note 2 bears interest at 3.50%, is due on February 1, 2025 and is repayable in blended monthly payments of \$28,968. Note 3 bears interest at 3.5%, is due on October 1, 2025 and is repayable in blended monthly payments of \$19,312. Note 4 was paid off during 2024. Note 5 (new in 2024) bears interest at RBC prime less 2.20% and is open ended with a loan term of 5 years (2029) and option to renew if still outstanding thereafter. The Town has waived its right to demand payment on notes 2 and 3 until January 1, 2026. 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, 2024

4. Deferred revenue (continued):

The deferred revenues are made up of the following:

	2023	Externally restricted inflows	Revenue earned	2024
Building permit surplus	\$ 204,087	\$ —	\$ 204,087	\$ —
Canada Community Building Fund	389,157	624,205	445,205	568,157
Cash-in-lieu of parking	353,331	—	—	353,331
Development charges	10,602,138	2,381,907	215,464	12,768,581
Ontario Community Infrastructure Fund	1,010,318	1,678,273	1,810,295	878,296
Recreational land	1,145,376	1,198,432	—	2,343,808
Provincial Modernization Fund	82,142	—	18,750	63,392
Other deferred	188,589	158,256	155,838	191,007
	\$13,975,138	\$ 6,041,073	\$ 2,849,639	\$ 17,166,572

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.

	2024	2023
Retiree benefits	\$ 522,847	\$ 558,691
Accrued vacation pay	481,840	441,244
Accumulated sick leave	55,810	51,261
Future payments required to WSIB	197,105	197,105
	\$ 1,257,602	\$ 1,248,301

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

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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

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

	2024	2023
Accrued benefit obligation:		
Balance, beginning of year	\$ 1,266,540	\$ 1,268,340
Current benefit cost	74,218	41,069
Interest	27,355	20,150
Actuarial gain	9,678	—
Benefits paid	(93,596)	(63,019)
Balance, end of year	1,284,195	1,266,540
Unamortized actuarial loss	(26,593)	(18,239)
Liability for benefits	\$ 1,257,602	\$ 1,248,301

Amortization of the actuarial loss of \$1,324 (2023 - \$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, 2024 were determined by an actuarial review. The last actuarial valuation was performed in 2024 for the December 31, 2024 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, 2024 were determined by an actuarial review and analysis of changes made to plans since the last valuation. The last actuarial valuation was performed in 2024 for the December 31, 2024 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, 2024

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 4.50% (2023 - 3.25%).

Inflation:

Inflation was assumed to be 2.0% (2023 - 1.75%).

Medical, dental and travel costs:

Medical and travel costs are assumed to increase at a rate of 5.6667% in 2025 over 2024, reducing by 0.3333% per year to 4.0% in 2030 and to 4.0% per year thereafter.

Dental care costs are assumed at 4.0% per year (set at CPI plus 2.0%)

Salary escalations:

Future salary has been assumed to escalate at a rate of 3.0% per year (2023 - 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 2024 was \$1,048,285 (2023 - \$987,571) for current service and is included as an expenditure in the consolidated statement of operations. Employees' contribution to OMERS in 2024 was \$1,048,285 (2023 - \$987,571).

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 \$68,500 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, 2024 of \$2.9 billion (2023 - \$4.2 billion) based on an actuarial valuation of plan assets. Increases in future contributions may be required to fund deficits in the plan.

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

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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:

	2024	2023
The Town has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities.	\$ 8,394,463	\$ 6,753,193
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage, have been assumed by individuals.	(36,752)	(47,862)
Net long-term liabilities, end of year	\$ 8,357,711	\$ 6,705,331

- (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:

2025	\$ 680,498
2026	603,884
2027	620,692
2028	640,982
2029	660,775
Thereafter	5,150,880
	\$ 8,357,711

- (d) Interest charges on long-term debt in the amount of \$212,532 (2023 - \$162,379) 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 semi-annually. The long-term liabilities mature at various times up to 2043.

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

Notes to Consolidated Financial Statements

Year ended December 31, 2024

7. Accumulated surplus:

	2024	2023
Invested in tangible capital assets	\$ 207,158,139	\$ 203,963,150
Operating fund	(8,055,735)	(4,230,105)
Reserves and reserve funds	28,831,205	21,454,779
Investment in Niagara-on-the-Lake Energy Inc.	27,963,583	23,649,994
	255,897,192	244,837,818
Amounts to be recovered		
Asset retirement obligation costs	(1,257,601)	(1,390,086)
Post-employment benefits	(1,445,689)	(1,248,301)
Net long-term liabilities	(5,556,068)	(6,162,812)
	(8,259,358)	(8,801,199)
	\$ 247,637,834	\$ 236,036,619

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

Notes to Consolidated Financial Statements

Year ended December 31, 2024

7. Accumulated surplus (continued):

Reserve and reserve balances:

	2024	2023
Reserves set aside by Council for specific purposes:		
Base mapping	\$ 700	\$ 700
Bridges and culverts	18,976	25,958
Building vehicle and equipment	87,643	78,643
By-law vehicle and equipment	65,911	56,882
Capital levy	5,297,799	2,748,253
Cenotaph maintenance	—	149,519
Community centre	7,340	7,340
Contingencies	500,000	30,684
Corporate studies	119,922	34,090
Debt reduction	99,098	164,173
Developer contributions	16,133	20,000
Dock area improvement	304,461	204,461
Donations	183,016	139,588
Election expenses	60,000	40,000
Fire vehicle and equipment	(19,574)	(19,574)
Fleet replacement	616,043	287,374
Grant and other	746	294,523
Irrigation	449,268	402,158
Municipal accommodation tax	1,874,045	969,063
Ontario disabilities	239,386	183,213
Planning appeals	184,613	240,344
Parking revenue	3,437,657	2,631,906
Sidewalk improvements	31,694	31,694
Storm water management	1,767,616	1,457,775
Street lighting	14,150	14,150
Strategic priorities	1,000,000	—
Tax rate stabilization	121	50,121
Training and development	—	11,857
Tree Cash-in-Lieu	800	12,100
Vision Zero Road Safety Program	103,511	—
Wastewater capital improvements	5,398,665	4,794,722
Wastewater rate stabilization	228,428	228,428
Water capital improvements	6,518,648	5,792,494
Water rate stabilization	194,486	194,486
Winter maintenance	8,692	8,692
Working funds	—	50,000
Total reserves	\$ 28,809,994	\$ 21,335,817
Reserve funds set aside by Council for specific purposes:		
Bequest/Garden	7,832	7,403
Library development and computer	(100,900)	16,224
Library donations	38,725	38,725
Recreation enhancement	66,554	56,610
Trish Romance Art Donations	9,000	—
	21,211	118,962
Total reserves and reserve funds	\$ 28,831,205	\$ 21,454,779

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

Notes to Consolidated Financial Statements

Year ended December 31, 2024

8. Commitments:

(a) Capital expenditures

The estimated future capital expenditures based on projects in progress at December 31, 2024 is approximately \$6,009,001 (2023 - \$6,046,151) after deducting the expenditures incurred as at December 31, 2024. 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 \$721,100 is owing on this commitment at December 31, 2024 (2023 - \$824,114)

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:

	2024	2023
Niagara District Airport Commission	\$ 96,774	\$ 64,726

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, 2024

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, 2024

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. Catharine's.
4. The **Municipal Accommodation Tax ("MAT")** is a new tax the Town introduced in 2022 through by-law 5435-22 and has since been amended via by-law 5540-23 in 2023. The MAT is applicable to accommodation establishments purchased for a period of 28 consecutive days or less. 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 have been developed through a MAT committee in 2024.

The Town recognized \$18,340,874 (2023 - \$16,929,862) in Property Tax revenue and \$2,819,095 (2023 - \$1,505,503) in Municipal Accommodation Tax revenue (recognized within "Other") in 2024 as follows:

	2024 Revenue	2023 Revenue
Tax Levy		
General	\$ 17,242,870	\$ 17,242,871
Storm	994,990	973,579
NHS	103,000	103,013
Sub-total Property Tax Revenue	18,340,860	16,929,862
Municipal Accommodation Tax	2,819,095	1,505,503
Total Tax Revenues	\$ 21,159,955	\$ 18,435,365

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

Notes to Consolidated Financial Statements

Year ended December 31, 2024

11. Segmented reporting (continued):

2024									
	General Government	Protection	Transportation	Environment	Health	Recreation	Planning and Development	Total	
Revenues:									
Taxation	\$ 5,555,201	\$ 2,600,561	\$ 4,477,181	\$ -	\$ 2,850	\$ 4,617,511	\$ 1,087,556	\$ 18,340,860	
User fees and charges	511,276	1,022,745	3,429,342	13,674,932	350,922	525,025	377,086	19,891,328	
Government grants	331,259	13,875	2,495,348	22,186	-	63,903	(4,108)	2,922,463	
Other	5,280,441	253,645	1,172,340	70,391	-	1,102,169	103,605	7,982,591	
Contributed assets	-	-	-	-	-	-	-	-	
Equity income in NOTLEI Inc.	8,063,589	-	-	-	-	-	-	8,063,589	
Total revenues	19,741,766	3,890,826	11,574,211	13,767,509	353,772	6,308,608	1,564,139	57,200,831	
Expenses:									
Salaries and wages	5,425,477	3,095,841	2,632,871	1,251,049	196,358	2,363,242	1,382,342	16,347,180	
Operating materials and supplies	1,447,407	765,250	1,734,547	454,614	185,314	1,625,955	111,829	6,324,916	
Contracted services	3,498,825	32,819	1,735,720	8,550,485	914	195,065	204,070	14,217,898	
Rents and financial expenses	111,781	9,492	22,159	2,278	-	23,757	-	169,467	
Interfunctional transfers	(4,486,973)	654,588	1,075,641	1,791,589	53,628	685,418	226,109	-	
Amortization	342,992	865,313	2,191,550	2,408,995	36,438	1,082,994	8,678	6,936,960	
Loss on sale of tangible capital assets	32,293	-	-	-	-	-	-	32,293	
External transfers	1,178,143	-	-	-	103,014	900	15,152	1,297,209	
Debt service	19,703	72,914	29,030	2,810	-	101,793	47,443	273,693	
Total expenses	7,569,648	5,496,217	9,421,518	14,461,820	575,666	6,079,124	1,995,623	45,599,616	
Annual surplus (deficit)	\$ 12,172,118	\$ (1,605,391)	\$ 2,152,693	\$ (694,311)	\$ (221,894)	\$ 229,484	\$ (431,484)	\$ 11,601,215	

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

Notes to Consolidated Financial Statements

Year ended December 31, 2023

11. Segmented reporting (continued):

2023									
	General Government	Protection	Transportation	Environment	Health	Recreation	Planning and Development	Total	
Revenues:									
Taxation	\$ 5,171,464	\$ 2,399,898	\$ 4,214,460	\$ -	\$ 2,850	\$ 4,256,333	\$ 884,858	\$ 16,929,863	
User fees and charges	487,034	982,923	3,078,245	12,114,014	421,753	436,051	513,593	18,033,613	
Government grants	543,807	59,892	3,852,516	35,311	-	48,650	7,313	4,547,489	
Other	3,710,287	326,604	817,984	102,877	-	1,108,481	44,707	6,110,940	
Contributed assets	671,693	-	-	-	-	-	-	671,693	
Equity income in NOTLE Inc.	773,795	-	-	-	-	-	-	773,795	
Total revenues	11,358,080	3,769,317	11,963,205	12,252,202	424,603	5,849,515	1,450,471	47,067,393	
Expenses:									
Salaries and wages	4,785,113	2,610,108	2,710,116	1,259,935	148,222	2,151,934	1,238,722	14,904,150	
Operating materials and supplies	1,309,065	700,128	1,482,211	301,402	194,938	1,478,608	144,706	5,611,058	
Contracted services	2,192,646	103,899	1,641,350	7,789,050	513	130,061	139,218	11,996,737	
Rents and financial expenses	127,091	11,705	15,934	3,202	-	17,731	-	175,663	
Interfunctional transfers	(3,940,694)	564,722	991,129	1,530,685	46,961	606,190	201,007	-	
Amortization	338,089	807,485	2,039,272	2,368,976	34,641	1,056,809	9,949	6,655,221	
Loss on sale of tangible capital assets	244,817	-	-	-	-	-	-	244,817	
External transfers	521,662	-	-	-	103,014	900	41,616	667,192	
Debt service	21,819	34,090	35,192	4,383	-	82,036	46,020	223,540	
Total expenses	5,599,608	4,832,137	8,915,204	13,257,633	528,289	5,524,269	1,821,238	40,478,378	
Annual surplus (deficit)	\$ 5,758,472	\$ (1,062,820)	\$ 3,048,002	\$ (1,005,431)	\$ (103,686)	\$ 325,245	\$ (370,767)	\$ 6,589,015	

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

Notes to Consolidated Financial Statements

Year ended December 31, 2024

12. Budget data:

The budget data presented in these consolidated financial statements are based upon the 2024 operating and capital budgets approved by Council on March 26th, 2024 and February 6th, 2024 respectively. 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 2024 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	\$ 45,589,320
Add:	
Development charges	215,463
Building Code Act	204,087
Modernization Fund	18,750
Less:	
Transfers from other funds	(4,487,618)
Principal and dividends from NOTLEI	(927,305)
Total revenue	40,612,697
Expenses:	
Operating budget as approved	45,589,320
Add:	
Amortization	6,936,961
Employee future benefits	9,300
Capital projects resulting in operating expenses	121,883
Loss on disposal of tangible capital assets	32,293
Less:	
Transfer to reserves, including capital	(10,465,476)
Debt principal payments	(663,975)
Total expenses	41,560,306
Annual Deficit	\$ (947,609)

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

Notes to Consolidated Financial Statements

Year ended December 31, 2024

13. Tangible capital assets:

(a) Work in progress:

Work in progress having a value of \$3,731,275 (2023 - \$5,977,619) 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 (2023 - \$671,693).

(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 (2023 - \$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, 2024

13. Tangible capital assets (continued):

2024 General	Opening NBV	Opening Cost	Additions	ARO increase in TCA cost	Disposals	Closing Balance	Opening Accumulated Amortization	Amortization	Deletions	Closing Accumulated Amortization	Total
Land	\$ 7,232,933	\$ 7,232,933	\$ -	\$ -	\$ -	\$ 7,232,933	\$ -	\$ -	\$ -	\$ -	\$ 7,232,933
Land improvements	5,956,030	9,330,626	1,016,791	-	14,714	10,332,703	3,374,596	334,816	14,714	3,694,698	6,638,005
Buildings and fixtures	17,675,192	33,036,115	23,727	31,817	-	33,091,659	15,360,923	850,276	-	16,211,199	16,880,460
Machinery and equipment	5,660,342	10,763,952	895,897	-	38,784	11,621,065	5,103,610	573,079	20,174	5,656,515	5,964,550
Vehicles	7,405,739	13,758,204	140,035	-	47,990	13,850,249	6,352,464	739,387	31,829	7,060,022	6,790,227
Information technology	575,327	2,089,629	256,602	-	102,193	2,244,038	1,514,302	177,824	103,516	1,588,610	655,428
Exterior lighting	2,696,634	4,721,105	314,625	-	104,654	4,931,076	2,024,472	233,966	104,656	2,153,782	2,777,294
Subtotal: General assets	47,202,197	80,932,564	2,647,677	31,817	308,335	83,303,723	33,730,367	2,909,348	274,889	36,364,826	46,938,897
Infrastructure											
Linear assets	145,973,602	217,349,318	8,622,306	-	98,613	225,873,011	71,375,716	3,822,427	94,336	75,103,807	150,769,204
Street lighting	2,326,747	3,715,838	864,407	-	-	4,580,245	1,389,091	114,331	-	1,503,422	3,076,823
Other	2,482,985	4,265,282	249,811	-	-	4,515,093	1,782,297	90,856	-	1,873,153	2,641,940
Subtotal: Infrastructure assets	150,783,334	225,330,438	9,736,524	-	98,613	234,968,349	74,547,104	4,027,614	94,336	78,480,382	156,487,967
Work in progress											
Opening balance	5,977,619	5,977,619	10,137,858	-	-	16,115,477	-	-	-	-	16,115,477
Internally transferred	-	-	(12,384,202)	-	-	(12,384,202)	-	-	-	-	(12,384,202)
Subtotal: Work in progress	5,977,619	5,977,619	(2,246,344)	-	-	3,731,275	-	-	-	-	3,731,275
Grand total as at December 31, 2023	\$ 203,963,150	\$ 312,240,621	\$ 10,137,857	31,817	\$406,948	\$322,003,347	108,277,471	\$ 6,936,962	\$ 369,225	\$114,845,208	\$207,158,139

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

Notes to Consolidated Financial Statements

Year ended December 31, 2024

13. Tangible capital assets (continued):

2023 General	Opening NBV	Opening Cost	Additions	Disposals	Closing Balance	Opening Accumulated Amortization	Amortization	Deletions	Closing Accumulated Amortization	Total
Land	\$ 7,220,133	\$ 7,220,133	\$ 12,800	\$ -	\$ 7,232,933	\$ -	\$ -	\$ -	\$ -	\$ 7,232,933
Land improvements	5,486,748	8,571,508	778,346	19,226	9,330,628	3,084,760	301,371	11,535	3,374,596	5,956,032
Buildings and fixtures	18,433,418	32,936,513	102,492	2,891	33,036,114	14,503,097	858,504	678	15,360,923	17,675,191
Machinery and equipment	5,506,598	10,124,485	709,667	70,200	10,763,952	4,617,887	521,381	35,658	5,103,610	5,660,342
Vehicles	7,254,444	12,933,368	901,490	76,654	13,758,204	5,678,923	750,195	76,654	6,352,464	7,405,740
Information technology	515,419	2,016,173	223,973	150,518	2,089,628	1,500,754	164,066	150,518	1,514,302	575,326
Exterior lighting	2,623,644	4,471,082	285,081	35,058	4,721,105	1,847,438	212,092	35,058	2,024,472	2,696,633
Subtotal: General assets	47,040,404	78,273,262	3,013,849	354,547	80,932,564	31,232,859	2,807,609	310,101	33,730,367	47,202,197
Infrastructure										
Linear assets	143,728,631	211,547,310	6,136,957	334,949	217,349,318	67,818,679	3,655,797	98,760	71,375,716	145,973,602
Street lighting	2,435,694	3,720,371	-	4,533	3,715,838	1,284,677	104,527	113	1,389,091	2,326,747
Other	2,570,270	4,265,282	-	-	4,265,282	1,695,010	87,287	-	1,782,297	2,482,985
Subtotal: Infrastructure assets	148,734,595	219,532,963	6,136,957	339,482	225,330,438	70,798,366	3,847,611	98,873	74,547,104	150,783,334
Work in progress										
Opening balance	6,206,197	6,206,197	8,922,227	-	15,128,424	-	-	-	-	15,128,424
Internally transferred	-	-	(9,150,805)	-	(9,150,805)	-	-	-	-	(9,150,805)
Subtotal: Work in progress	6,206,197	6,206,197	(28,578)	-	5,977,619	-	-	-	-	5,977,619
Grand total as at December 31, 2022	\$ 201,981,196	\$ 304,012,422	\$ 8,922,228	\$ 694,029	\$ 312,240,621	\$ 102,031,225	\$ 6,655,220	\$ 408,974	\$ 108,277,471	\$ 203,963,150

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

Notes to Consolidated Financial Statements

Year ended December 31, 2024

14. Asset Retirement Obligation (ARO):

The Town's Asset retirement obligation consists of asbestos obligations as follows:

The Town owns and operates several buildings that are either known to have or possibly have asbestos, which represents a health hazard upon demolition of the building and encompasses a legal obligation to remove it. Following the adoption of PS3280 – Asset retirement obligations, the Town recognized an obligation relating to the removal and post-removal care of the asbestos in these building. The Town uses financial models that includes inputs such as structure type, square footage, and year builds, in conjunction with specific rates to be applied in the calculation of related ARO's for each facility based on this criteria. The buildings had an estimated useful life of 50 years when they were purchased, with various number of years remaining depending on this date. Inflationary adjustments of \$55,603 have been captured as at December 31st, 2024 under "Adjustments to ARO", where \$31,817 was capitalized and \$23,786 was expensed in the Consolidated Statement of Operations as this portion relates to fully depreciated assets. The ARO balances are as follows:

Asset Retirement Obligation (Asbestos Removal)	Balance at December 31, 2024	Balance at December 31, 2023
Opening Balance	1,390,086	1,390,086
Adjustments to ARO - increase/(decrease)	55,603	-
Closing Balance	1,445,689	1,390,086

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

Notes to Consolidated Financial Statements

Year ended December 31, 2024

15. 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	2024	2023
Operating transfers:			
Federal	\$ 8,000	\$ 28,427	\$ 90,597
Provincial	393,098	426,438	551,473
Upper-Tier/Other Municipalities	61,900	212,098	438,144
	462,998	666,963	1,080,214
Capital transfers:			
Federal	600,129	445,205	1,740,584
Provincial	1,416,961	1,810,295	1,726,691
	2,017,090	2,255,500	3,467,275
Total government transfers	\$ 2,480,088	\$ 2,922,463	\$ 4,547,489

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

16. Trust funds:

Trust funds administered by the Town amounting to \$1,362,205 (2023 - \$1,308,985) have not been included in these Consolidated financial statements.

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

Schedule of Library Fund Activities (Unaudited)

Year ended December 31, 2024, with comparative information for 2023

	Budget	2024	2023
Revenues:			
Development charges	\$ 17,550	\$ 5,051	\$ 16,851
Municipal grant	868,748	868,748	822,746
Donations	11,000	26,826	13,119
Federal Grants	-	-	-
Provincial grants	35,276	35,476	35,476
Miscellaneous	15,300	19,975	19,478
Other grants	8,000	12,501	9,362
	955,874	968,577	917,032
Expenditures:			
Amortization	135,041	135,041	135,509
Building maintenance	7,000	4,408	9,754
Contracted Services	5,210	5,208	5,208
Expensed Capital Projects	-	3,198	-
Insurance	8,713	8,713	7,672
Licensing and computer support	32,166	36,474	22,666
Memberships	1,940	1,425	2,488
General library expenses	29,100	31,689	30,298
Office supplies	30,735	32,682	42,545
Professional development	9,000	9,686	4,812
Professional fees	1,500	23,589	169
Program expenditures	2,000	4,728	6,162
Public relations	1,750	1,731	2,120
Purchases for resale	60,000	60,000	60,000
Rent	60,000	60,000	60,000
Telephone	5,000	6,048	5,936
Wage and benefits	738,760	841,707	706,328
Workshops	3,000	2,720	2,643
	1,130,915	1,269,047	1,104,310
Annual deficit	(175,041)	(300,470)	(187,278)
Add: Amortization of tangible capital assets	-	135,041	135,509
Less: Acquisition of tangible capital assets	-	(33,961)	(38,453)
Transfers to/(from) reserve fund	20,000	(105,431)	8,231
Adjusted annual deficit	\$ (155,041)	\$ (304,821)	\$ (81,991)



KPMG LLP

80 King Street, Suite 620
St. Catharines, ON L2R 7G1
Canada
Telephone 905 685 4811
Fax 905 682 2008

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, 2024,
- 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, 2024, 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.



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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada
August 7, 2025

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

Statement of Financial Position – Trust Funds

As at December 31, 2024, with comparative information for 2023

	Cemetery Care & Maintenance	Cemetery Pre-need Internments	2024 Total	2023 Total
Financial Assets				
Cash	\$ 1,294,422	\$ 122,613	\$ 1,417,035	\$ 1,357,898
Due from Town of Niagara-on-the-Lake (note 2)	-	403	403	549
	1,294,422	123,016	1,417,438	1,358,447
Liabilities				
Due to Town of Niagara-on-the-Lake (note 2)	55,233	-	55,233	49,461
Net financial assets and accumulated surplus	\$ 1,239,189	\$ 123,016	\$1,362,205	\$ 1,308,986

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, 2024, with comparative information for 2023

	Cemetery Care & Maintenance	Cemetery Pre-need Internments	2024 Total	2023 Total
Revenues:				
Care & maintenance agreements	\$ 49,642	\$ -	\$ 49,642	\$ 62,911
Interest earned	62,134	6,033	68,167	68,187
	111,776	6,033	117,809	131,098
Expenditures:				
Interest transferred to:				
Cemetery maintenance	62,134	-	62,134	62,027
Cemetery pre-need	-	2,456	2,456	6,299
	62,134	2,456	64,590	68,326
Annual surplus	49,642	3,577	53,219	62,772
Accumulated surplus, beginning of year	1,189,548	119,438	1,308,986	1,246,214
Accumulated surplus, end of year	\$1,239,190	\$ 123,015	\$ 1,362,205	\$1,308,986

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, 2024 with comparative information for 2023

	2024	2023
Operations:		
Annual surplus	\$ 53,219	\$ 62,772
Uses:		
Change in due to/from Town of Niagara-on-the-Lake	5,918	20,689
Increase in cash	59,137	83,461
Cash, beginning of year	1,357,898	1,274,437
Cash, end of year	\$ 1,417,035	\$ 1,357,898

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, 2024

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.