

# 2018

## Annual Financial Report

For the year ended December 31, 2018

Niagara Region | Ontario Canada

[niagararegion.ca](http://niagararegion.ca)



# CONTENTS

## SECTION 1: INTRODUCTION

- 4 Vision, Mission, Values
- 5 2018-2022 Regional Council
- 6 Corporate Leadership Team
- 7 Message from the Regional Chair
- 8 Where are we?
- 9 Where are we going?
- 10 Regional Programs and Services
- 13 Council Strategic Priorities 2015-2018
- 14 2018 Achievements
- 16 Supporting our Community

## SECTION 2: FINANCIAL

- 18 Report from the Treasurer
- CONSOLIDATED FINANCIAL STATEMENTS**
- 37 Management's Responsibility for the Financial Statements
- 38 Independent Auditor's Report on Consolidated Financial Statements
- 40 Consolidated Statement of Financial Position
- 41 Consolidated Statement of Operations
- 42 Consolidated Statement of Change in Net Debt
- 43 Consolidated Statement of Cash Flows
- 44 Notes to Consolidated Financial Statements

### SINKING FUNDING FINANCIAL STATEMENTS

- 70 Independent Auditor's Report on Sinking Fund Financial Statements
- 72 Sinking Fund Statement of Financial Position
- 73 Sinking Fund Statement of Financial Activities and Fund Balance
- 74 Sinking Fund Statement of Cash Flows
- 75 Notes to Sinking Fund Financial Statements

## TRUST FUND FINANCIAL STATEMENTS

- 76 Independent Auditor's Report on Trust Fund Financial Statements
- 77 Trust Fund Statement of Financial Position
- 78 Trust Fund Statement of Operations and Change in Net Financial Assets
- 79 Trust Fund Statement of Cash Flows
- 81 Notes to Trust Fund Financial Statements

## SECTION 3: STATISTICAL

- 83 Five Year Statistical Review

SECTION

1

INTRODUCTION

For the year ended December 31, 2018

Prepared by Enterprise Resource  
Management Services Department  
and the office of the Chief  
Administration Officer

Niagara Region | Ontario Canada  
[niagararegion.ca](http://niagararegion.ca)

# INTRODUCTION

---

## VISION

Niagara Region is a unified community of communities with diverse opportunities and qualities. Together we strive for a better tomorrow.

## MISSION

Niagara Region will serve its residents, businesses and visitors through leadership, partnership and the provision of effective and community-focused services.

## VALUES

Our corporate values guide our decision-making and actions every day.

### RESPECT

We treat everyone equitably with compassion, sensitivity and respect.

### SERVE

We serve Niagara with pride, care and excellence.

### HONESTY

We value honesty, integrity and trust.

### CHOICE

We believe in social, environmental and economic choices that support our diverse community.

### PARTNERSHIPS

We foster collaboration and value partnerships.



**Jim Bradley**  
Regional Chair

## 2018 - 2022 REGIONAL COUNCIL

Niagara Region is one of six regional governments in Ontario. As an upper-tier municipality, the Niagara Region provides programs and services for the residents and businesses in 12 cities and towns. Regional Council is composed of a regional chair, 12 elected mayors and 19 elected officials from Niagara's local area municipalities. Regional Council also functions as Niagara's Board of Health.



**Sandie Bellows**  
St. Catharines



**Barbara Butters**  
Port Colborne



**David Bylsma**  
West Lincoln



**Frank Campion**  
Welland



**Pat Chiochio**  
Welland



**George Darte**  
St. Catharines



**Jim Diodati**  
Niagara Falls



**Betty Disero**  
Niagara-on-the-Lake



**Sandra Easton**  
Lincoln



**Kelly Edgar**  
St. Catharines



**Wayne Fertich**  
Grimsby



**Robert Foster**  
Lincoln



**Bob Gale**  
Niagara Falls



**Kevin Gibson**  
Wainfleet



**Barbara Greenwood**  
Niagara Falls



**Brian Heit**  
St. Catharines



**Diana Huson**  
Pelham



**Tom Insinna**  
Fort Erie



**Laura Ip**  
St. Catharines



**Jeff Jordan**  
Grimsby



**Marvin Junkin**  
Pelham



**Peter Nicholson**  
Niagara Falls



**Wayne Redekop**  
Fort Erie



**Tim Rigby**  
St. Catharines



**Walter Sendzik**  
St. Catharines



**Bill Steele**  
Port Colborne



**Terry Ugolini**  
Thorold



**Leanna Villella**  
Welland



**Tim Whalen**  
Thorold



**Albert Witteveen**  
West Lincoln



**Gary Zalepa**  
Niagara-on-the-Lake

# CORPORATE LEADERSHIP TEAM



## THE REGIONAL CHAIR

**Jim Bradley**, Regional Chair

The Niagara Regional Chair holds dual roles as both head of Regional Council and the Chief Executive Officer of the Niagara Region. Also provides leadership to Regional Council, represents the Niagara Region at official functions, and participates in activities that enhance the economic, social and environmental well-being of the Niagara Region and its residents.



## THE CAO

**Ron Tripp**, Acting Chief Administrative Officer

The Chief Administrative Officer is responsible for providing advice to Regional Council and leadership to senior staff as part of the Corporate Leadership Team. The CAO is responsible for empowering a team of more than 3,000 employees to ensure that Regional Council's strategic priorities and policies are implemented efficiently and effectively.



**Dr. M. Mustafa Hirji, MD, MPH, FRCPC**

Acting Medical Officer,  
Commissioner of Public Health  
and Emergency Services



**Adrienne Jugley**

Commissioner of  
Community Services



**Todd Harrison**

Commissioner of Enterprise  
Resource Management Services,  
Treasurer



**Catherine Habermebl**

Acting Commissioner of  
Public Works



**Rino Mostacci**

Commissioner of Planning and  
Development Services

## OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER

- Enterprise Resource Management Services (ERMS)
- Planning and Development Services
- Public Health and Emergency Services
- Community Services
- Public Works

## REGIONAL COUNCIL COMMITTEES

- Public Health and Social Services Committee
- Corporate Services Committee
- Planning and Economic Development Committee
- Public Works Committee

## BOARDS AND AGENCIES

- **Provincial Offences Joint Board**  
Heather Salter, Chair  
Jack Tosta, Vice Chair
- **Police Services Board**  
Kenneth Gansel, Chair  
Bill Steele, Vice Chair
- **Niagara Peninsula Conservation Authority**  
David Bylsma, Chair  
Diana Huson, Vice Chair
- **Niagara Regional Housing**  
Walter Sendzik, Chair  
James Hyatt, Vice Chair

## OTHER SUPPORTING SERVICES

- **Auditors**  
Deloitte LLP
- **Fiscal Agents**  
National Bank Financial Inc.,  
RBC Capital Markets,  
CIBC World Markets Inc.
- **Fiscal Solicitor**  
WeirFoulds LLP
- **Insurance Provider and Broker**  
Frank Cowan, HUB International  
Ontario Limited
- **Banker**  
The Royal Bank of Canada

## MESSAGE FROM

# JIM BRADLEY, NIAGARA REGIONAL CHAIR

---

2018 was a year of renewal for Niagara Region. In October, our residents exercised their democratic right to vote and gave this new term of Regional Council a clear mandate to provide strong leadership that is transparent, accountable and empowers the Niagara Region's more than 3,000 staff to continue to deliver high-quality service.

This Regional Council is determined to set Niagara on a course for future success.

As we look back on the previous year, I would like to highlight the strategic investments guiding our actions now and into the near future.

Niagara started the year on a high note. Our unemployment rate is remaining relatively low compared to previous years at just below 7 per cent and the economy continues to show signs of strength and improvement. This was followed up by a subsequent Statistics Canada report later in the year that showed that Niagara's economy is projected to remain steady as we head into 2019.

A strong economy ensures we can enjoy a high quality of life, affordable public services, low unemployment and a fulfilling retirement. It also allows our growing municipality to invest strategically and take the necessary action to ensure critical services continue to meet the needs of residents.

Regional Council has approved and moved forward with an Asset Management Plan, which establishes best practices around addressing infrastructure funding gaps. Like many municipalities in Ontario, Niagara Region is faced with the high cost of replacing aging infrastructure like bridges, roads, pipes and facilities that treat our water and waste water. Without a clear, long-term strategy to tackle the estimated \$500-million gap in investment, the Niagara Region risks higher maintenance costs as well as service interruptions and/or service failures.

Another important part of Niagara's future success rests with the expansion of our transit network. Work to connect Niagara with the rest of the Greater Toronto and Hamilton Area (GTHA) by way of regular daily GO Train service is ongoing between Niagara Region and our provincial and federal government partners.

As GO Train service continues to develop in Niagara, residents will benefit from the increased access to employment opportunities in the GTHA and create new opportunities for investment.

Locally, the Niagara Region took important steps toward the creation of a consolidated transit system with key investments in route and service improvements. Moving forward, the Niagara Region will continue to work with our local area municipalities on plans to deliver an enhanced transit system for the entire region.

Residents and businesses depend on the Niagara Region in many ways – from roads to drinking water, waste collection and quality child care services, to food safety and supports for seniors. As a service manager, Niagara Region is responsible for the delivery and administration of programs that aim to assist our most vulnerable residents, from birth to old age.

Furthermore, the Niagara Region is also invested in helping our citizens acquire safe and stable housing. Strategic partnerships with the development industry resulted in the construction of new affordable, below market and market rental units in recent years. In addition, Regional Council previously earmarked development charge funding for further affordable housing investment.

Our work to create vibrant and healthy communities in Niagara supports greater access to housing for all of our residents.

As we embark on a new Regional Council term we are honoured and excited to get to work delivering high-quality service to Niagara. We look forward to continued collaboration with our communities, businesses and our community partners towards our goal of building up our municipalities for the benefit of all our citizens.



# WHERE ARE WE?

---

Niagara Region offers our residents a mix of urban and rural living amidst the lush Southern Ontario greenbelt. Residents and visitors to Niagara enjoy more than 140 kilometers of suitable walking, cycling and rollerblading trails, 6 farmer's markets, a university and a college. Niagara's diverse culture is celebrated annually with events such as the Folk Arts Festival and the Niagara Wine Festival in St. Catharines, Friendship Festival in Fort Erie and Canal Days in Port Colborne. Niagara is home to more than 50 museums and art galleries. The Shaw Festival in Niagara-on-the-Lake presents 14 world-class plays on three stages each year and has grown to become a significant Canadian cultural icon.

Our proximity to Toronto and the United States has been an integral part of our economic evolution. Industries include manufacturing, tourism, agriculture, and agribusiness, transportation and logistics and emerging sectors such as new media, green technology and bioscience. Recently we were designated as a Foreign Trade Zone, facilitating economic trade between Niagara businesses and the rest of the world. The population is seeing increases, jobs are being created at a steady pace, weekly employment income is increasing, gross domestic product is on the rise, new businesses are being created, more businesses are employing people, investment in commercial and industrial building construction is booming, and more companies are exporting and bringing new money into the regional economy.





# WHERE ARE WE GOING?

---

In order to plan for a prosperous and sustainable future, we are preparing for growth today by working with the citizens of Niagara to shape Regional Council's strategic plan.

The Niagara Strategic plan presented to Regional Council this term, will focus on infrastructure, social services, environmental impact, governance and advocacy, economic growth, health and wellness, and quality of life. Niagara Region has also developed The Transportation Master Plan, a comprehensive strategic planning document that defines policies, programs and infrastructure improvements required to address transportation and growth needs from today through to 2041. We are working with local area

municipalities to provide communities with safe, clean drinking water and effective environmental protection. We're responsible for what comes out of your tap and what happens after you flush the toilet. The Water and Wastewater Master Servicing Plan provides direction on how we operate now and how we plan to operate and deliver water and wastewater services in the future. Community growth has a huge impact on water supply and delivery. It's up to us to determine how best to meet Niagara's growing needs and ensure water and wastewater infrastructure accurately reflects this. The Development Charges Background Study is aligned with the strategic growth option from the Municipal Comprehensive Review and the infrastructure needs identified by the Master Servicing Plan and Transportation Master Plan.



# REGIONAL PROGRAMS AND SERVICES

---

Niagara Region's programs and services touch the lives of residents every day. We provide high quality drinking water, maintain the regional roads you drive on, fund two inter-municipal transit services and provide help for Niagara's most vulnerable residents, including the operation of eight long-term care homes and a range of support services to help seniors remain in their homes.

From the collection of your garbage and recycling bins, to the staff that support our childcare centres, and our paramedics who are ready to respond when the unexpected happens, Niagara Region is here to build a healthier and more prosperous community.

---

## GENERAL GOVERNMENT

All corporate grants not applicable to specific departments and capital financing administration is reported as general government. We contribute funding to partners within the community, including the Niagara Health System's Cancer Centre, Wainfleet beach, research agreements, and funding for the 2021 Canada Summer Games.

## TRANSPORTATION SERVICES

### TRANSIT

Niagara Region's integrated transit network includes: Niagara Specialized Transit (NST) that delivers door-to-door, shared ride service to approved riders with a disability. Niagara Region Transit (NRT) is an inter-municipal transit service between Niagara Falls, St. Catharines, Welland, Thorold, Fort Erie and Port Colborne. In 2018, Niagara Region began work to integrate municipal transit systems into a single, permanent inter-municipal transit service.

### ROADS

The Transportation Division is responsible for the planning, design, implementation, operation and maintenance of the 800 kilometre regional road network. Services include:

- Road Operations
- Traffic and Signals
- Forestry
- Snow Plowing

## PROTECTION TO PERSONS AND PROPERTY

### NRPS

The Niagara Regional Police Service provides policing and public safety services to all of Niagara's residents as well as approximately 15 million visitors annually. The Niagara Region Police Service aims to provide quality-policing services, with integrity.

### NPCA

The Niagara Peninsula Conservation Authority serves approximately half a million people and covers an area of 2,424 square kilometres, covering Niagara, 21 per cent of the City of Hamilton and 25 per cent of Haldimand County. The driving force behind the Conservation Authority movement was its land stewardship focus and involvement with water programs.

## ENVIRONMENTAL SERVICES

### WASTE MANAGEMENT

Provides quality Waste Management Services to meet the growing needs of Niagara. Waste Management is responsible for the planning, management and operations of residential and commercial curbside waste, recycling and organics collection programs. It is also responsible for overseeing two regional landfills, a recycling centre, three household hazardous waste depots, three material drop-off depots and 12 closed landfill sites.

### WATER AND WASTEWATER

Provides high quality, safe and reliable water and wastewater services, while practicing good resource stewardship. Water and Wastewater Services is divided into four working sections:

- Engineering Services
- Integrated Services
- Water Operations, Maintenance and Staff Development
- Wastewater Operations Maintenance and Laboratory Services

This division is responsible for the operation and maintenance of six water treatment plants, 38 water reservoirs and elevated tanks, 23 booster and chlorine booster stations as well as 300 kilometre of trunk water mains.

---

## HEALTH SERVICES

Niagara Region Public Health and Emergency Services is committed to building a healthier Niagara by providing public health programs and services and efficient response to the changing public health needs of the communities we serve. This commitment is demonstrated through health protection, disease prevention, health promotion and injury prevention programs.

Public Health consists of divisions offering a complete range of programs including:

- Chronic Disease and Injury Prevention
- Clinical Services
- Emergency Services
- Environmental Health
- Family Health
- Medical
- Organizational and Foundational Services
- Mental Health

## SOCIAL AND FAMILY SERVICES

We envision a strong community as one where every individual is supported to maximize their potential, achieve their goals, and enhance their quality of life and social well-being. The Community Services department assists some of the most vulnerable people in our community, from infancy to senior years. Our services are broken down into four divisions:

- Children's Services
- Homelessness Services
- Senior Services
- Social Assistance Employment Opportunities (SAEO)

## SOCIAL HOUSING

Niagara Regional Housing (NRH) is responsible for the administration of affordable housing across the Niagara Region and is dedicated to providing and advocating for quality affordable housing in Niagara through a combination of programs, community programs and services including:

- Public Housing
- Non-Profit and Co-Operative Housing Programs
- Rent Supplement Program
- Housing Allowance Program
- Housing First
- New Development
- Niagara Renovates
- Welcome Home Niagara

## PLANNING AND DEVELOPMENT

The Provincial Growth Plan requires that Niagara Region plan to accommodate 610,000 people and 265,000 jobs by 2041. Our proactive planning will play a central role in helping Niagara Region ensure that the forecasted growth in Niagara over the next 25 years is developed to help make our cities livable and communities complete. The Planning and Development Services department makes recommendations, guides and regulates community development in Niagara to ensure future development is sustainable, healthy, economical, and supports prosperity. The Planning and Development Services department is broken down into three divisions including:

- Development Services
- Community and Long Range Planning
- Infrastructure Planning and Development Engineering

# COUNCIL STRATEGIC PRIORITIES 2015-2018

Niagara Regional Council's strategic priorities recognize the importance of long-term planning and priority setting in order to enable a more prosperous Niagara. Established in February 2015, the 2015-2018 strategic priorities are supported by strategies and service delivery plans for Niagara Region's diverse program areas and special initiatives.

## MOVING PEOPLE AND GOODS

Create strong linkages between all modes of transportation.

## FOSTERING INNOVATION, INVESTMENT AND ENTREPRENEURSHIP

Providing necessary infrastructure to foster growth and be a catalyst to attract investment.

## BUILDING A LABOUR-READY WORKFORCE

Economies are facing rapid change and unique skills and training are required to stay ahead of competition.

## POSITIONING NIAGARA GLOBALLY

Diversifying Niagara's population, economy and opportunities.

## DOING BUSINESS DIFFERENTLY

Utilizing strategies that foster economic prosperity in Niagara.

## ADVANCING ORGANIZATIONAL EXCELLENCE

Building upon our strong internal foundation.

## HOW DID WE DO?

With the approval of Council's 2015-2018 strategic plan and resulting implementation plan, a performance dashboard was created to gauge and measure Niagara's success at driving economic prosperity across the six indicated priorities. Our research shows that Niagara is trending in a positive direction. Average household income is increasing, unemployment is down, and our growth is trending positively and sustainably – this positions Niagara to take the next step forward in making Niagara more prosperous for residents.



# 2018 ACHIEVEMENTS

---



## MOVING PEOPLE AND GOODS

The development of the Transportation Master Plan (TMP) involved extensive public and stakeholder consultation and input. With the TMP now complete we have a comprehensive strategic planning document that defines policies, programs and infrastructure improvements required to address transportation and growth needs from today through to 2041.

In 2018 Regional Council approved GO Transit Station Secondary Plans in Grimsby, Beamsville, St. Catharines and Niagara Falls.

These land use plans prepare the station area for future growth and development and for the delivery of the station. In December 2018 the Provincial government announced new GO stations would be delivered using a transit oriented development approach. With the approval of the secondary plans, Niagara is well positioned to adapt to this new delivery approach.

In addition, in 2018 GO enabling Public Works projects were initiated. Including but not limited to environmental assessment for Casablanca Boulevard and St. Paul Street CN Rail Bridge replacement.



## FOSTERING INNOVATION, INVESTMENT AND ENTREPRENEURSHIP

Given the increased amount of economic activity in Niagara, the unprecedented amount of new investment in commercial and industrial building construction, and the level of new business and job creation, Niagara is well positioned for continued economic growth.

In 2018 we fostered further development of the Foreign Trade Zone and supported international missions. The Foreign Trade Zone store front was opened in Fort Erie and our investment mission to selected Canadian Consulates in the United States started in March.

We also encouraged inter-municipal collaboration with a joint submission including five area municipalities to a federal review of St. Lawrence Seaway. We were proud to support the announcement by provincial and federal governments of financial support for transit priorities in Niagara, including inter-municipal transit.



## BUILDING A LABOUR-READY WORKFORCE

Our Social Assistance and Employment Opportunities division launched a new employment technology system in late 2017, Building Employment Networks Niagara, to support the assessment of client employability and match potential clients to training and jobs. This software was awarded with 2018 Ontario Municipal Social Services Association Local Municipal Champion award and has helped our clients get back to work more efficiently than ever before.





## POSITIONING NIAGARA GLOBALLY

We continued our partnership with Bank of China through our Niagara Chinese Business Council and invited representatives from the Bank of China and other foreign banks to attend the Niagara Chinese Lunar New Year celebration. We continued our efforts to collaborate with foreign and domestic financial investors with a global presence and they have been made aware of the advantages of Niagara as a location for investment.

A strategic marketing plan for resident and immigrant attraction was created and approved by Regional Council. The plan outlines how to promote Niagara as a place for domestic and international residents to choose Niagara as their home. We also launched a site in 2018 that provides information for new immigrants on how to prepare for their arrival, what to expect when they arrive and how to get established in Niagara and Canada.



## DOING BUSINESS DIFFERENTLY

In 2018, a corporate re-organization resulted in the establishment of a Project Management Office (PMO) reporting through the Internal Control and Organizational Performance (ICOP) division to support and enhance project managers across the organization. The ICOP-PMO team will ensure that a best-in-class project management methodology is implemented for all capital projects corporate-wide. Having a consistent framework and methodology in place allows for optimized project efficiency, increased project quality, reduced project risk and enhanced project reporting to management and Regional Council.

We also continued work on developing our new Niagara Regional Official Plan. This significant planning exercise will address where and how communities in Niagara will grow and develop; opportunities for employment; transit and the transportation network; infrastructure capacity; protection of significant environmental systems and features; protection of agricultural lands and the agricultural economy; cultural heritage; and climate change.



## ADVANCING ORGANIZATIONAL EXCELLENCE

New Ontario Regulation 588/17 formalized the provincial mandate to enforce upon municipalities the need to establish best practice in asset management in order to address municipal infrastructure funding gaps. We adopted a new asset management plan and over the past year took important steps toward establishing a governance model that ensures asset management standards are established for the corporation and support compliance with regulations. Governance Model Phase 1 (CSD 51-2018) was presented to Regional Council in September 2018.

As part of our system transformation and to better address the needs of Niagara residents, Niagara Emergency Medical Services (EMS) has created 3 mobile integrated health teams; FIT (falls intervention Team), MHART (Mental Health/Addictions Response Team), and CARE (Coordinated Assessment Response Unit). The roles of these teams are to better address the demand for: low acuity falls from ground level in real time, low acuity mental health and addictions calls in real time.

# SUPPORTING OUR COMMUNITY

---



## REGIONAL CHAIR'S GOLF TOURNAMENT

Through the very generous support of last year's sponsors and participants, the 21st Annual Niagara Regional Chair's Charity Golf Tournament was able to contribute to the efforts of the Hotel Dieu Shaver, United Way and 11 other deserving charities to make a difference in Niagara. \$100,000 was raised through the tournament with \$60,000 going towards United Way.



## UNITED WAY

Including monies raised through the Regional Chair's Golf Tournament, Regional employees raised in excess of \$200,000 through the last fiscal year towards the United Way. Employees donated both through voluntary payroll deductions, and through numerous fundraising events. Money donated through the United Way campaign is invested in more than 80 programs and services across Niagara that help create safe and inclusive communities for all of Niagara.

Together, we have surpassed \$1.7 million in donations raised for charities in the Niagara Region.



**United Way**

SECTION

# FINANCIAL | 2

For the year ended December 31, 2018

Prepared by Enterprise Resource  
Management Services Department  
and the office of the Chief  
Administration Officer

Niagara Region | Ontario Canada  
[niagararegion.ca](http://niagararegion.ca)

# REPORT FROM THE TREASURER

## REGIONAL ECONOMY HIGHLIGHTS

Niagara Region offers a diverse economy that includes manufacturing, tourism, agriculture and agribusiness, transportation and logistics, and emerging sectors such as new media, green technology and bioscience.

### UNEMPLOYMENT RATES

Unemployment rates in Niagara's labour market were consistent in comparison with the prior year, decreasing from 6.7% to 6.6%, which is in line with the provincial and national averages.

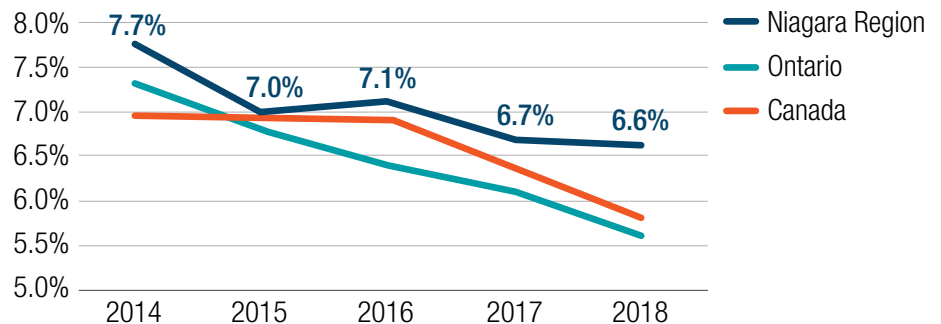
### BUILDING PERMITS ISSUED

In 2018, the value of building permits issued totaled \$1,065,332, which was in line with the 2017 value of \$1,057,604. The business and commercial sector experienced the highest growth percentage of building permits issued, increasing 15.5% over 2017 with a 2018 total value of \$167,511 (2017 - \$145,011). The largest amount of building permits issued continues to be the agricultural and residential sector with a total value of \$763,804 in 2018 (2017 - \$714,596), which accounts for 71.7% of total building permits issued.

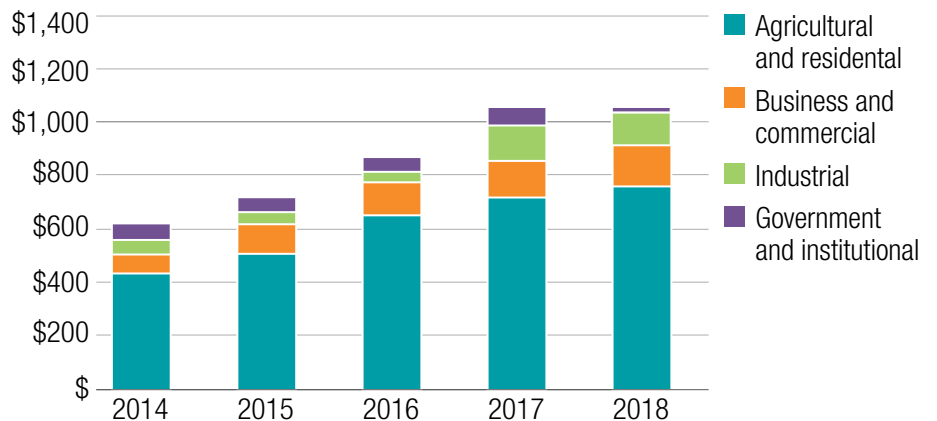
### HOUSING STARTS

There was a slight decline (4.4 %) in the housing starts compared to 2017. In 2018, there was a total of 2,332 housing starts in Niagara.

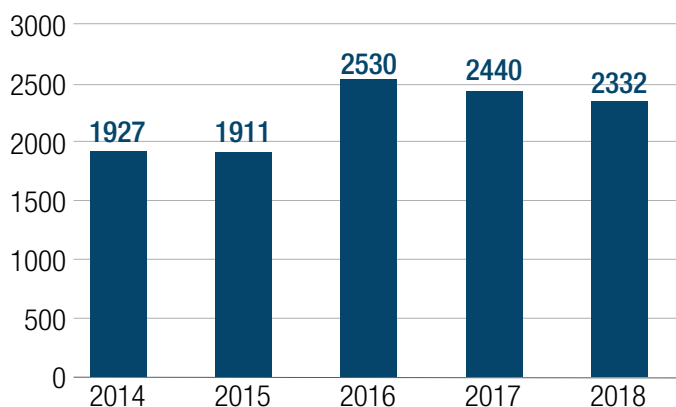
### UNEMPLOYMENT RATES (%)



### VALUE OF BUILDING PERMITS ISSUED (in thousands of dollars)



### HOUSING STARTS



# PROPERTY TAXES

---

On Dec. 7, 2017, Regional Council approved a two per cent increase, net of assessment growth, in Regional taxes, after Regional Council passed its 2018 tax supported operating budget with a tax levy of \$347 million and capital budget of \$189 million. For the average households with a home assessed at \$248,200, the Regional portion of taxes increased by \$28 from 2017 to \$1,461.

Recent analysis performed by an independent firm illustrated that the Niagara Region maintains a competitive advantage with respect to property taxes on commercial (office buildings) and large industrial properties. The review noted that while property tax rates are equal to or higher than other jurisdictions, assessment values representing the cost of capital in Niagara is on average lower than other jurisdictions. This has resulted in commercial office building properties and large industrial properties paying approximately 10 percent and 26 percent per square foot less than other jurisdictions respectively.<sup>1</sup>

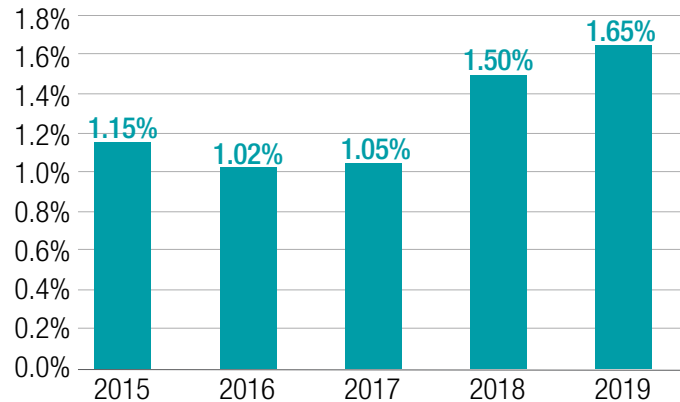
## ASSESSMENT GROWTH

Historical assessment growth, being the incremental property taxes paid as a result of an expanding region (new homes and businesses), through 2019 is presented to the right.

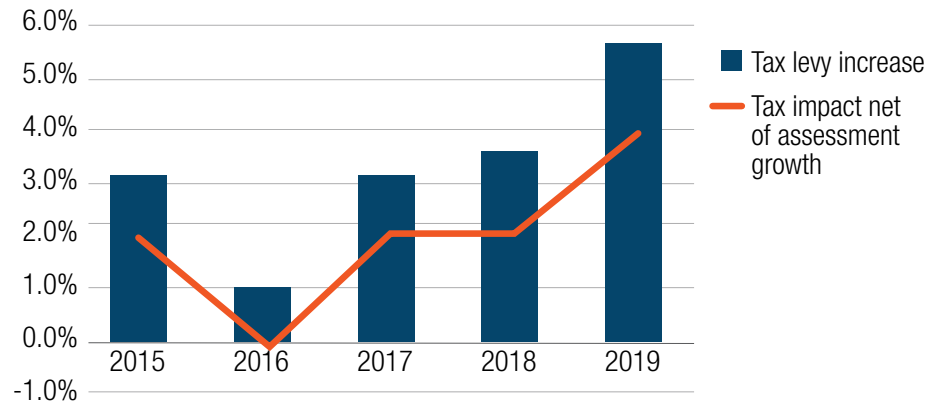
Assessment growth is tied to, but lags behind building permit values. The increase in the value of building permits issued has resulted in the upward trend of assessment growth.

Assessment growth for any given year is based on the information received from the Municipal Property Assessment Corporation (MPAC) in December of the prior year and is used in setting the tax rates at the time of budget approval.

## HISTORICAL ASSESSMENT GROWTH (%)



## HISTORICAL TAX LEVY INCREASE (%)



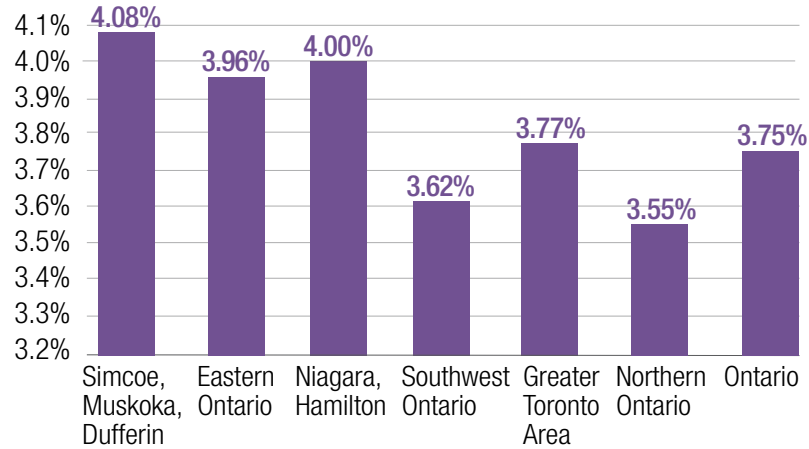


## PROPERTY TAXES AS A PER CENT OF HOUSEHOLD INCOME

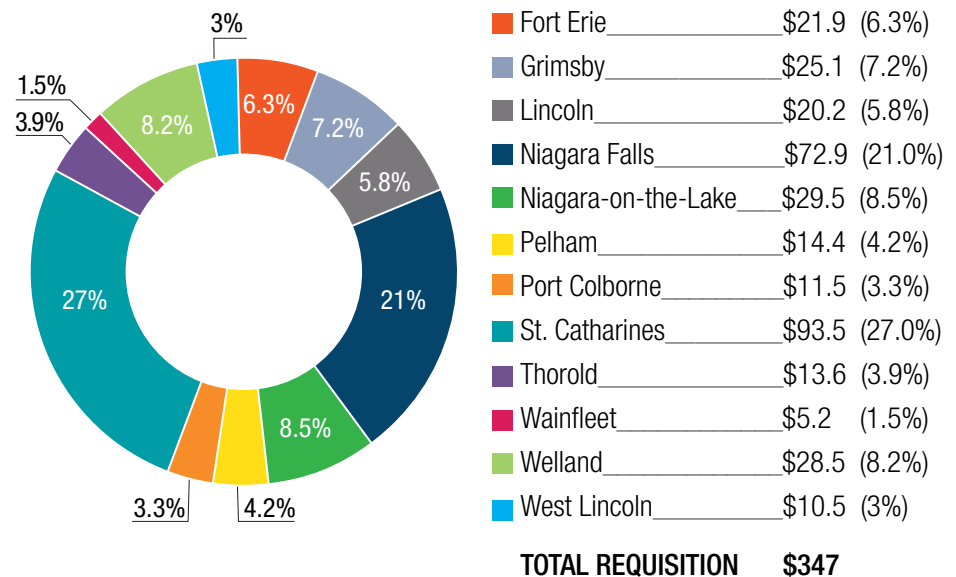
As a measure of affordability for residents, property taxes as a percentage of household income have remained consistent with the 2017 percentages. In 2018, property taxes accounted for 4.0% of household income which is a slight decrease from 4.03% in 2017 <sup>2</sup>, leaving Niagara Region slightly higher in comparison to other jurisdictions. This equates to property taxes of \$744 per capita <sup>3</sup>, increasing slightly over 2017 from \$738 per capita.

During 2018, the Niagara Region collected \$347 million tax levy from the local area municipalities. A breakdown of the amount and percentage received from each of the local area municipalities (LAM is to the right).

## PROPERTY TAXES AS PER CENT OF HOUSEHOLD INCOME (%)



## 2018 TAXATION REQUISITION BY LOCAL AREA MUNICIPALITY (in millions of dollars)



Source:

1. BMA Management Consulting Inc., Municipal Study – 2018
2. BMA Management Consulting Inc., Municipal Study – 2018
3. 2017 FIR; Levy revenue / population; Levy revenue / households

# NIAGARA OUTLOOK AND TRENDS

---

The Niagara Region operates in an environment that continues to be impacted by the following factors:

- Aging population
- Governance and sustainability
- Housing and affordability
- Climate change
- Technology and regulatory disruption

# POPULATION'S MEDIAN AGE 45.7 YEARS NIAGARA REGION

41.3 years Ontario, 41.2 years Canada



## AGING POPULATION

Niagara's median age is approximately four years older than the median age of the province and country. Over the last 20 years, the 30-44 and under age cohort has decreased significantly while the 45-64 and the 65+ age cohorts have increased across Niagara and the province. As a result, this demographic difference will create a larger demand for a number of Niagara Regional services (i.e. Emergency Medical Services, Senior Services and Niagara Regional Housing). Niagara needs to prepare for this ahead of the rest of the province and country.

## GOVERNANCE AND SUSTAINABILITY

During 2018, the Niagara Region began a service sustainability review of Niagara Regional operations as a whole. The scope of the service sustainability is as follows:

- Will be consistent with the Niagara Region's objectives for fiscal responsibility, transparency and ongoing sustainability
- Provide a better understanding of Niagara Region services – rational, service levels, delivery model, resource allocations, collaboration with local area municipalities
- Provide a road map of opportunities for cost reductions and capacity gains, contributing towards longer term sustainability

The aim of the review to identify opportunities in the following areas:

- Efficiency and effectiveness enhancements
- Service level reductions
- Cost recoveries
- Alternative service delivery

In late 2018, the Provincial government announced a Regional Government Review which will strive to make recommendations to municipal governments on opportunities to improve regional governance and service delivery. At the date of publication, the Regional Government Review is currently ongoing with recommendations to be submitted to the Minister of Municipal Affairs and Housing expected in 2019.

**“ WE NEED TO ENSURE WE ARE USING A UNIFIED APPROACH BETWEEN THE REGION AND MUNICIPALITIES, BUILDING ON OUR PRIOR SUCCESSSES. A MULTI-LEVEL APPROACH WILL LEAD TO A STRONGER VOICE FOR NIAGARA ”**

**-2018 Shape Niagara Survey Resident**

Almost half of all renter households in Niagara are spending over

**30% OF INCOME ON SHELTER**

compared to 16% of owner households <sup>4</sup>



## HOUSING AND AFFORDABILITY

Niagara Region staff are currently preparing an updated 10-Year Housing and Homelessness Action Plan (HAPP) to be presented to Regional Council for approval in 2019 and will contribute to the regional Affordable Housing Strategy. This strategy will include a Regional Housing Statement, a review of and recommendations for regional policies and financial incentives with the aim of increasing the availability of housing in Niagara.

With income gains disproportionately spread across the Canadian population, there are increased pressures on municipal governments for their social services. In a continued effort to reduce the unemployment rate, Niagara Region implemented an online technology solution in 2016. This online system matches available jobs with Ontario Works client skill-sets in Niagara. The implementation of this system has contributed to a continued reduction of the average monthly number of social assistance cases in 2018.

*Core housing need is defined as: at least one condition of unaffordable, unsuitable or inadequate is met and no alternative market housing is available given the household's income.*



## CLIMATE CHANGE

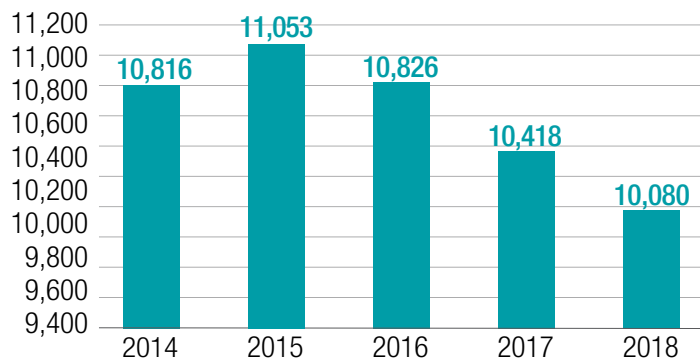
Climate change is creating increased risks for major weather events such as severe storms and more frequent storms. This places more demand on existing infrastructure and may require more costly infrastructure to be built to accommodate these risks and will require the municipality to have increased budget flexibility to deal with “unexpected costs”.



## TECHNOLOGY AND REGULATORY DISRUPTION

Regulations and technology will continue to impact the economy and change the way the Niagara Region delivers its services. These impacts may also increase the costs associated with maintaining Niagara Regional systems and security. Technology may disrupt Niagara's economy or may present new economic opportunities (autonomous vehicles). Regulatory changes can add costs to the delivery of services or require new services to be adopted.

### AVERAGE MONTHLY SOCIAL ASSISTANCE CASELOAD



Source:

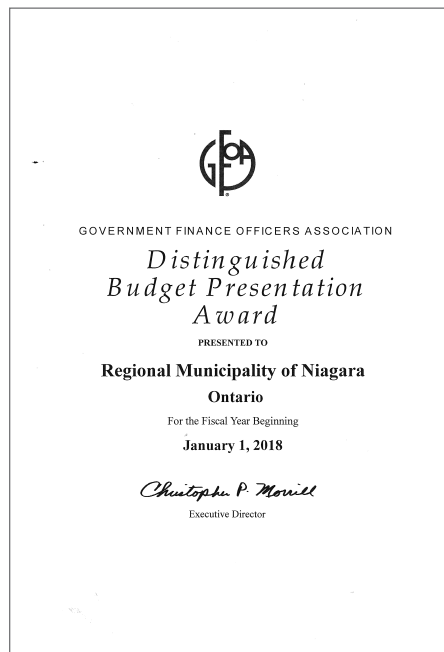
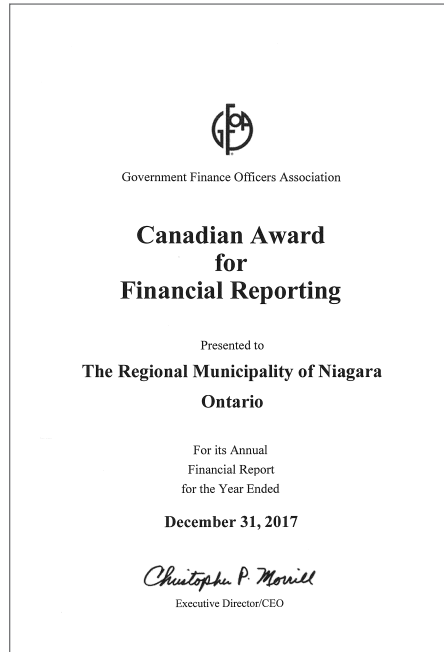
4. Database of Regional Demographics, Housing and Core Need (April, 2019) – Canadian Centre for Economic Analysis

# CANADIAN AWARD FOR FINANCIAL REPORTING

Our commitment to developing fiscally responsible budgets and presenting financial information to Niagara Region taxpayers in a clear and easy to understand format was recognized by the Government Finance Officers Association of the United States and Canada (GFOA).

For the fourteenth consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) presented Niagara Region with the Canadian Award for Financial Reporting for its 2017 Annual Financial Report. To receive the award, a government organization must present financial information in a clear, concise and informative manner, with content that conforms to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles.

Niagara Region is continuing this standard of high quality reporting for the submission and evaluation of its 2018 Annual Report to the GFOA's 2018 award program. GFOA also presented Niagara Region with a Distinguished Budget Presentation Award for the 2018 Budget Plan. This award reflects the commitment of Regional Council, management and staff to meet the highest standards of government budgeting. This is the fifth time Niagara Region has received the award and it represents a significant achievement.





# CONSOLIDATED FINANCIAL STATEMENTS

---

The consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) as recommended by the Chartered Professional Accountants of Canada. The statements and related information are the responsibility of management and include financial activities of all entities deemed to be controlled by Niagara Region, including the Niagara Regional Police Service Board, Niagara Regional Housing and Court Services.

The Municipal Act of Ontario requires Niagara Region to appoint an independent auditor to express an opinion as to whether the financial statements present fairly, in all material respects, the Niagara Region's financial position and operating results. In discharging this responsibility, the auditors have complete access to all Niagara Region records and meet regularly with staff to discuss policies, procedures and process improvements arising from the audit. The auditors provide a written report and management letter dealing with the adequacy of internal financial control systems, and an audit opinion regarding the results of the financial statement audit.

Consistent with prior years, Niagara Region's financial statements have received an unmodified audit opinion.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated statement of financial position reports on Niagara Region's financial and non-financial assets, liabilities and accumulated surplus at December 31, 2018.

## TANGIBLE CAPITAL ASSETS AND CAPITAL FUNDING PROGRAM

Tangible capital assets are significant economic resources managed by Niagara Region and a key component in the delivery of many programs and services.

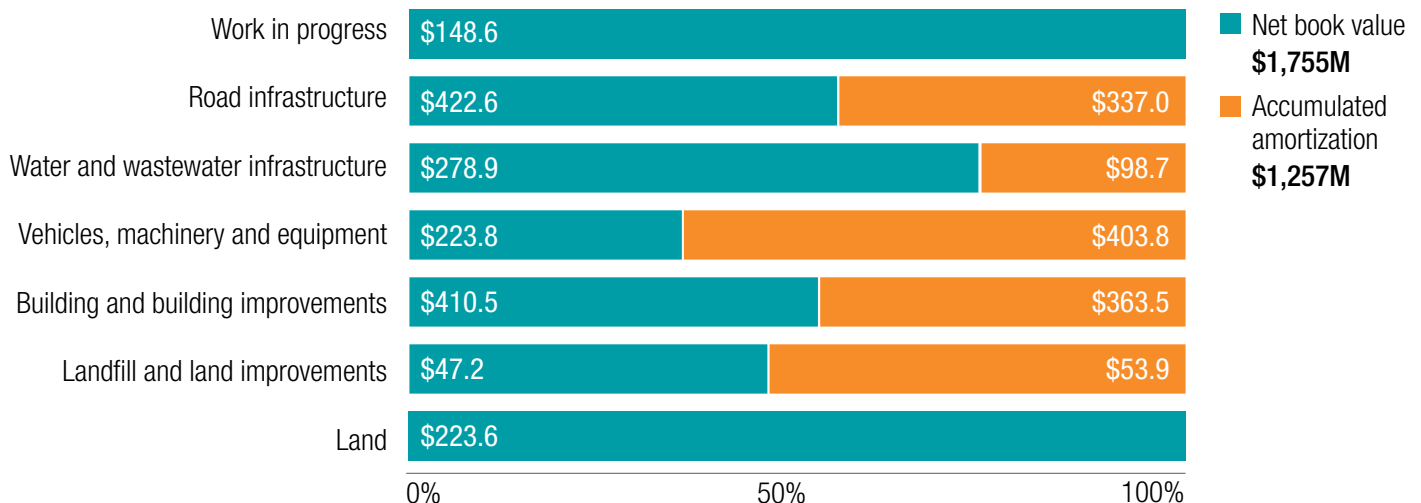
The net book value of tangible capital assets, as reported in the consolidated statement of financial position, is \$1.8 billion and is highlighted by

category in the accompanying chart. Total historical costs are \$3.0 billion and the total accumulated amortization is \$1.3 billion, implying that 43.3 per cent of the estimated useful life of the Niagara Region's tangible capital assets have been used in the delivery of programs and services. Amortization can be used to estimate future capital spending requirements with the understanding that asset replacement costs will be significantly higher than historical costs.

During the year, the Niagara Region acquired \$86.7 million of tangible capital assets. The amortization expense, as reported in the statement of operations, amounted to \$82.3 million.

Tangible capital asset acquisitions are approved by Regional Council ensuring that the appropriate funding is in place.

### TANGIBLE CAPITAL ASSETS Net Book Value and Amortization (in millions of dollars)



**TOTAL REQUEST..\$2,699 MILLION**  
**TOTAL FUNDING...\$2,218 MILLION**  
**FUNDING GAP.....\$481 MILLION**

The Niagara Region’s capital program funding model balances immediate and future need, affordability and sustainability, while minimizing risk and supporting economic growth in Niagara Region. The intent of this model is achieved by adhering to the following concepts:

1. Capital projects are budgeted in their entirety to support transparency of total project costing. Where a project could be considered for phasing the design and construction costs can be budgeted in different years.
2. A source of funding is required for each capital project so one Regional Council does not impede a future Regional Council:
  - a) Ensures the current year program is maintained within the affordability envelope
  - b) Ensures accountability of project funding lies with the approving Regional Council

The model is fundamental to the long-term financial health of the Niagara Region, supports the strong Standard and Poor’s (S&P) credit rating, and therefore minimizes the cost of borrowing to the Niagara Region and local area municipalities.

The graph to the right illustrates deviations between gross capital requests and funding sources available within each year.

**TEN YEAR CAPITAL ASK**  
 (in millions of dollars)



## DEBT POSITION AND LONG-TERM DEBT STRATEGY

Niagara Region's debt practices are governed by provincial legislation and Regional Council. On an annual basis, Niagara Region is required to calculate their annual repayment limit. The annual repayment limit is the maximum amount that a municipality can pay in principal and interest payments in the year for long-term debt. To calculate the annual repayment limit, Niagara Region divides total debt payments for the year by the total net revenues for the same year. A lower debt payment as a per cent of own source revenues indicate that a lower amount of the municipality's own source revenues are being used toward principal and debt payments.

The province's prescribed annual debt repayment limit stipulates that payments relating to all debt and other long-term financial obligations of a municipality may not exceed 25 per cent of own source revenues, including the annual tax levy, rate generated revenue and user fees. Niagara Region's annual repayment limit was 6.7 per cent at the end of 2018.

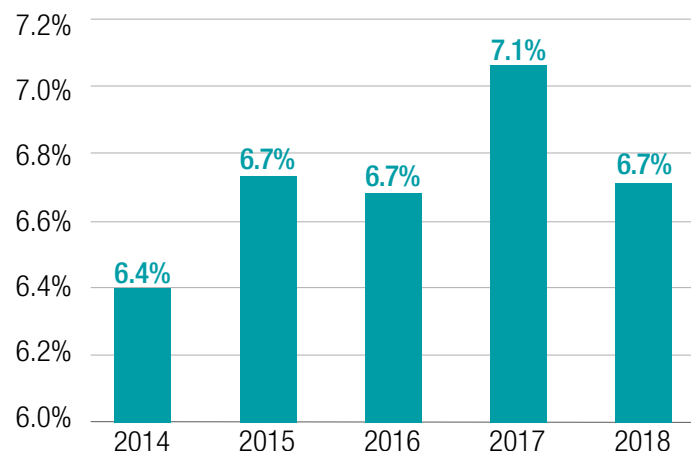
Niagara Region, by way of provincial legislation, also issues all debt on behalf of the 12 local area municipalities and the Conservation Authority. The total debt recorded on the consolidated statement of financial position is \$663 million, which is an increase of \$31 million from 2017.

The debt attributed to Niagara Region (total debt less debt recoverable from others) is \$357 million or \$756 per resident, up from \$347 million or \$755 per resident in 2017. Niagara Region's debt charges (principal and interest) totalled \$41 million or 6.7 per cent of own source revenue which is consistent with the 2017 figures of \$42 million or 7.1 per cent respectively.

On Oct. 10, 2018 S&P undertook a credit rating review and reaffirmed Niagara Region's stable "AA" rating. The rating reflects S&P's opinion that Niagara Region's budgetary performance has improved as a result of lower than expected capital expenditures while

tax-supported debt continues increasing, has strong financial management, has strong liquidity and very low contingent liability. Highlights of the report also note that Niagara Region could receive a stronger rating if Niagara demonstrated significant and sustained economic improvement through healthier growth in population and household incomes and improved budget. As a result of the trends identified by S&P, in the 2018 budget Niagara Region has continued using the debt charge placeholder as a tool to control both debt charge levels and future debt issuance amounts, continues to use levy reserves, and is funding economic development initiatives.

### DEBT PAYMENTS AS A PER CENT OF OWN SOURCE REVENUES (%)



## NET FINANCIAL ASSETS (NET DEBT)

Public Sector Accounting Standards require Niagara Region to distinguish between financial and physical assets. Financial assets are those assets on hand, which would provide resources to discharge liabilities or finance future operations. The difference between financial assets and liabilities, or net financial assets (net debt), is an indicator of the Niagara Region's ability to finance future activities and meet its liabilities and commitments.

In 2018, Niagara Region's net debt position decreased from \$85.3 million to \$41.2 million. The decreased net debt is a result of Niagara Region's increased operating surplus in 2018. The year end operating surplus is a result of capital program revenues recognized during the year, lower than budgeted principal debt repayments, higher than budgeted net transfers to reserves and changes in the landfill and employee future benefit liabilities.

## ACCUMULATED SURPLUS

The accumulated surplus represents the net asset position (financial assets plus non-financial assets less financial liabilities) of Niagara Region.

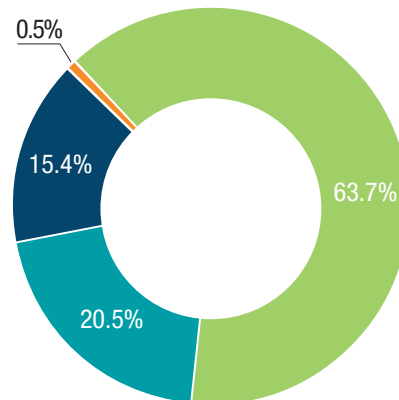
At Dec. 31, 2018, Niagara Region's accumulated surplus balance is \$1.7 billion. This consists of a \$1.4 billion investment in capital assets, \$295 million in reserves and \$226 million unexpended capital financing. These balances are offset by a \$13 million operating fund deficit and \$165 million in unfunded liabilities. The reserves of \$295 million are highlighted by designated purpose in the accompanying chart.

## RESERVE AND RESERVE FUNDS

The accumulated surplus figure on the consolidated statement of financial position includes reserve funds. These reserves are managed and funds transferred to/from the funds as per the Niagara Region's Reserve and Reserve Funds Policy. Reserves, to be used for specified purposes are categorized as capital reserves, stabilization reserves, specified contribution reserves and future liability reserves.

The Reserve and Reserve Funds Policy states minimum target balances for corporate stabilization funds to be 10% to 15% of operating expenses. As of Dec. 31, 2018 and taking into consideration Regional Council approved year-end transfer recommendations, the Region's Wastewater Stabilization and Taxpayer Relief Stabilization reserves are currently underfunded. The Waste Management and Water Stabilization reserves are currently within the minimum target balances.

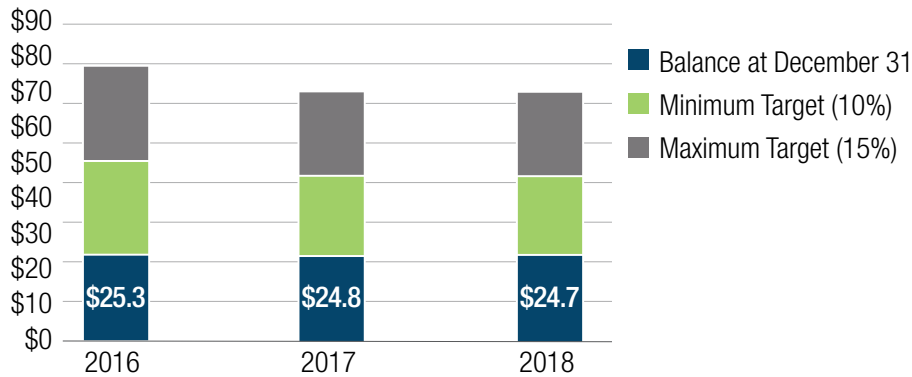
## RESERVES (in millions of dollars)



Capital reserves	\$188.0	(63.7%)
Future liability reserves	\$45.3	(20.5%)
Specified contribution reserves	\$1.4	(0.5%)
Stabilization reserves	\$60.3	(15.4%)

## TAX LEVY STABILIZATION\*

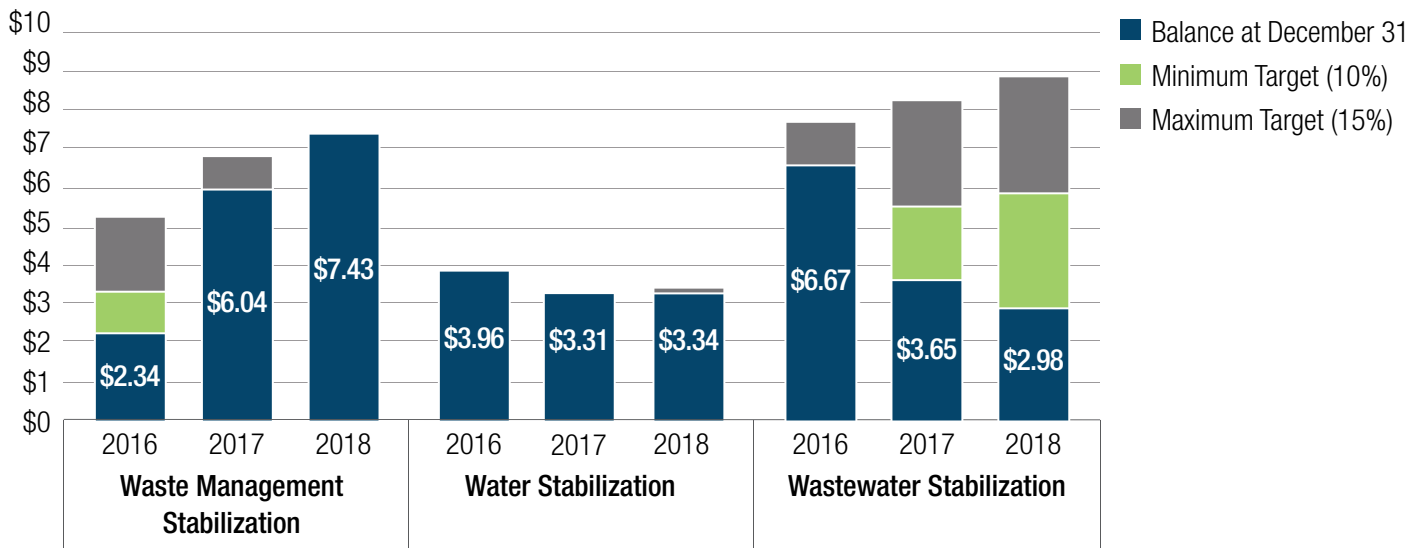
(in millions of dollars)



\* - Taxpayer Relief Reserve

## WASTE MANAGEMENT, WATER AND WASTEWATER STABILIZATION RESERVE FUND BALANCES

(in millions of dollars)



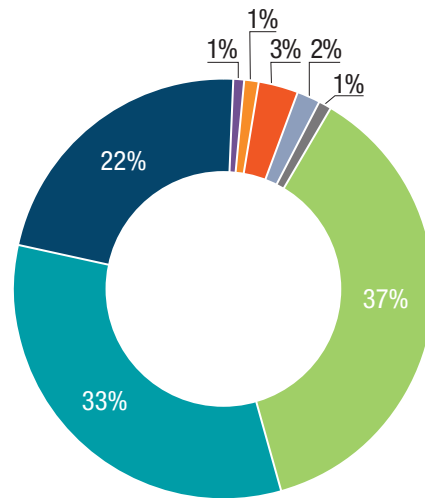
## CONSOLIDATED STATEMENT OF OPERATIONS

The consolidated statement of operations reports Niagara Region's change in economic resources and accumulated surplus. During the year annual revenues exceeded expenses resulting in a \$71.8 million surplus in accordance with Canadian Public Sector Accounting Standards.

Compared to 2017, Niagara Region's revenues reflect the increase in taxation and user charges for the year of \$12.6 million, increase in federal and provincial grants of \$24.9 million and decreases in other revenue of \$7.1 million.

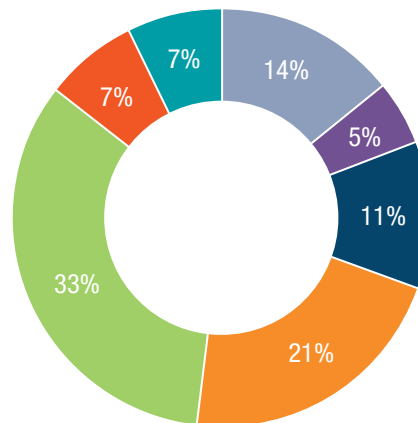
Higher expenses in 2018 related to Social and Family Services which experienced an increase in program and operating costs and external transfers in Planning and Development. This was offset by a decrease in operating expenses in Environmental Services. To the right is a breakdown of Niagara Region's revenue source by type and expenses by function.

### REVENUE BY SOURCE (in millions of dollars)



Court Services	\$7.3	(1%)
Development charges	\$13.3	(1%)
Government of Canada grants	\$25.0	(3%)
Investment income	\$16.6	(2%)
Other	\$14.9	(1%)
Property taxpayer	\$363.3	(37%)
Province of Ontario	\$322.0	(33%)
User charges	\$216.6	(22%)

### EXPENSE BY FUNCTION (in millions of dollars)



Environment services	\$123.8	(14%)
General government	\$43.5	(5%)
Health services	\$98.5	(11%)
Protection to persons and property	\$189.9	(21%)
Social and family services	\$298.0	(33%)
Social housing	\$64.1	(7%)
Transportation Services	\$66.1	(7%)



# 2018 APPROVED BUDGET COMPARED TO FINANCIAL STATEMENTS

---

A balanced 2018 operating and capital budget was approved by Regional Council on December 7, 2017.

When preparing the budget, Niagara Region considers its cash needs for the year to ensure it collects sufficient tax revenue to cover its obligations and execute its business to plan. This includes budgeting for any principal debt repayments and considers any required transfers to or from reserves. Conversely, Niagara Region does not budget for amortization and its annual impact on tangible capital assets, changes in employee future benefit liabilities, and changes in the solid waste landfill closure, contaminated site and post closure costs liability as there are primarily non-cash items.

The budget was prepared for the purpose of setting tax rates and user fees rather than a framework for presenting annual financial results. Therefore, in order to issue financial statements, Niagara Region is required to adjust its presentation of the financial results to be in accordance with Canada Public Sector Accounting Standards (PSAS). The chart on the following page identifies the components that move the Niagara Region from its approved balanced budget to the Canadian PSAS financial statements presented throughout the annual report.

## 2018 APPROVED BUDGET COMPARED TO FINANCIAL STATEMENTS

(in thousands of dollars)	Approved Budget	2018	2017
<b>Based on budget approach</b>			
Water and Wastewater surplus	\$ -	\$2,079	\$89
Waste Management surplus	-	\$1,551	\$5,682
Levy surplus	-	1,828	(3,654)
<b>Operating Surplus based on CSD 21-2019</b>	<b>-</b>	<b>5,458</b>	<b>2,117</b>
<b>Capital PSAS Adjustments</b>			
Recognize amortization	(82,301)	(82,301)	(85,944)
Recognize in year capital program revenues	44,721	44,968	35,233
Recognize capital fund expenses resulting in operating expenses	(9,033)	(9,154)	(9,261)
Recognize operating fund expenses resulting in capital assets	1,794	1,794	9,003
Recognize loss on disposal and (loss) proceeds on disposal of assets	(4,232)	(4,232)	(6,998)
<b>Capital Subtotal</b>	<b>(49,050)</b>	<b>(48,925)</b>	<b>(57,967)</b>
<b>Funded PSAS Adjustments</b>			
Remove principal debt repayments	39,665	26,571	28,297
Remove net transfers to reserves	38,661	72,976	73,558
Recognize interest earned on sinking fund investments	-	452	411
<b>Funded Subtotal</b>	<b>78,326</b>	<b>99,998</b>	<b>102,266</b>
<b>Unfunded PSAS Adjustments</b>			
Recognize change in landfill liability	17,794	17,794	1,170
Recognize contaminated site liability	-	-	-
Recognize power dams liability	-	422	422
Recognize change in unfunded employee future benefits liability	(2,920)	(2,920)	(345)
<b>Unfunded Subtotal</b>	<b>14,875</b>	<b>15,296</b>	<b>1,247</b>
<b>Annual surplus with PSAS adjustments</b>	<b>\$44,150</b>	<b>\$71,828</b>	<b>\$47,663</b>

# FINANCIAL MANAGEMENT AND CONTROL

---

Niagara Region maintains a system of internal controls designed to safeguard assets and ensure transactions are properly authorized and recorded in compliance with legislative and regulatory requirements. The financial management and control systems of Niagara Region are governed by various by-laws, policies and procedures. Niagara Region's systems of internal controls are monitored and evaluated by management and are subject to independent audit.

The Niagara Region has been consistently making improvements to the financial reports within the new system implemented in 2016 which has enhanced decision making and the financial reporting environment. Niagara Region did not receive any management letter for improvements in relation to the 2018 financial statement audit.

In 2018, Niagara Region established a Project Management Office (PMO) with the mandate of establishing a community of practice, strive for excellence in project management with the goal of achieving project management maturity throughout the organization. The short term goals of PMO will be to implement and delivery project management standards, project management training and oversight of project management. In the mid and long-term, PMO will look to provide services such as organizational change management planning and standards delivery, resource inventory and needs assessment for capital project portfolio and project portfolio tiering and standardization across the organization.

In addition to the establishment of the PMO, several policy updates were undertaken and approved by Regional Council in 2018 including;

- Operating surplus/deficit
- Financial reporting and forecasting
- Inventory
- Purchasing card
- Securities and developer deposits

# AUDIT COMMITTEE

---

Niagara Region's Audit Committee is responsible for ensuring that:

- Annual consolidated financial statements are prepared in accordance with standard accounting principles and referred to Regional Council for approval
- Systems of internal control over financial reporting operate effectively and are used to ensure compliance with legal, regulatory and ethical requirements
- The external audit function is used effectively and issues identified are addressed

The Audit Committee evaluates the external auditor based on qualifications, independence, scope of the audit, timing of the audit and fees. The Audit Committee recommends the replacement, reappointment and/or appointment of the external auditors to Regional Council.

# CONCLUSION

---

Providing service to 472,448 residents in an ever-changing economy requires proactive financial management and a strong financial control framework. Achieving a balance between providing the programs and services residents have come to rely upon, ensuring they can afford to pay for them and making sure we have funds to support future infrastructure and program needs will continue to

drive the financial strategies of Niagara Region. We are committed to providing high standards of fiscal excellence at Niagara Region.



Todd Harrison,  
Commissioner of Enterprise Resource  
Management Services/Treasurer  
May 31, 2019

# THE REGIONAL MUNICIPALITY OF NIAGARA

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS


---

The accompanying consolidated financial statements of The Regional Municipality of Niagara (the "Region") are the responsibility of the Region's management and have been prepared in accordance with Canadian Public Sector Accounting Standards. A summary of the significant accounting policies is described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

The consolidated financial statements have been audited by Deloitte LLP, independent external auditors appointed by the Region. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Region's consolidated financial statements.



Todd Harrison,  
Commissioner of Enterprise Resource Management Services/Treasurer

May 6, 2019



## Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of  
the Regional Municipality of Niagara

### Opinion

We have audited the consolidated financial statements of Regional Municipality of Niagara (the "Region"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations and changes in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Region as at December 31, 2018, and the results of its operations, changes in net financial assets, 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Region in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and those Charged with Governance for the 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 Region'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 Region or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Region'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 GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 Region'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 Region'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 Region to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Region 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.

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

"Original signed by Deloitte"

Chartered Professional Accountants  
Licensed Public Accountants  
May 16, 2019

# THE REGIONAL MUNICIPALITY OF NIAGARA

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2018 (In thousands of dollars)

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash	\$ 106,902	\$ 143,765
Investments (note 2)	585,420	480,130
Accounts receivable (note 3)	80,713	78,582
Other current assets	329	212
Tangible capital assets held for sale	756	3,515
Debt recoverable from others (note 8)	305,684	285,412
	<b>1,079,804</b>	<b>991,616</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	114,195	122,221
Employee future benefits and post-employment liabilities (note 4)	104,421	101,403
Deferred revenue (note 5)	178,320	142,222
Landfill closure and post-closure liability (note 6)	61,397	79,191
Long-term liabilities (note 8)	662,658	631,922
	<b>1,120,991</b>	<b>1,076,959</b>
Net debt	<b>(41,187)</b>	<b>(85,343)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 9)	1,755,117	1,731,150
Inventory	7,360	7,319
Prepaid expenses	20,836	17,172
	<b>1,783,313</b>	<b>1,755,641</b>
Accumulated surplus (note 10)	<b>\$ 1,742,126</b>	<b>\$ 1,670,298</b>

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

# THE REGIONAL MUNICIPALITY OF NIAGARA

## CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31, 2018 (In thousands of dollars)

	2018 Budget (note 18)	2018 Actual	2017 Actual
<b>REVENUES</b>			
Taxation and user charges:			
Levies on area municipalities	\$ 359,806	\$ 363,304	\$ 350,157
User charges	214,527	216,641	217,219
	574,333	579,945	567,376
Government transfers (note 16):			
Government of Canada	23,549	24,986	25,915
Province of Ontario	329,447	322,020	294,769
Other municipalities	514	608	1,967
	353,510	347,614	322,651
Other:			
Development charges earned	18,477	13,387	11,761
Investment income	15,679	16,613	15,993
Provincial offences	6,740	7,336	6,812
Miscellaneous	5,095	14,234	9,952
	45,991	51,570	44,518
<b>Total revenues</b>	<b>973,834</b>	<b>979,129</b>	<b>934,545</b>
<b>EXPENSES (Note 17)</b>			
General government	42,842	43,507	42,100
Protection to persons and property	190,067	189,911	185,360
Transportation services	68,323	66,063	63,688
Environmental services	142,020	123,780	143,508
Health services	98,915	98,499	92,751
Social and family services	303,891	297,976	279,678
Social housing	64,612	64,095	67,130
Planning and development	19,013	23,470	12,667
<b>Total expenses</b>	<b>929,683</b>	<b>907,301</b>	<b>886,882</b>
Annual surplus	44,151	71,828	47,663
Accumulated surplus, beginning of year	1,670,298	1,670,298	1,622,635
<b>Accumulated surplus, end of year</b>	<b>\$ 1,714,449</b>	<b>\$ 1,742,126</b>	<b>\$ 1,670,298</b>

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

# THE REGIONAL MUNICIPALITY OF NIAGARA

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the year ended December 31, 2018 (In thousands of dollars)

	2018 Budget (note 18)	2018 Actual	2017 Actual
<b>Annual surplus</b>	\$ 44,151	\$ 71,828	\$ 47,663
Acquisition of tangible capital assets	(104,040)	(104,039)	(116,971)
Contributed tangible capital assets	(3,615)	(3,615)	(428)
Transfers from tangible capital assets held for sale	(2,758)	(2,759)	(6,792)
Amortization of tangible capital assets	82,301	82,301	85,944
Loss on sale of tangible capital assets	1,295	1,295	2,042
Proceeds on sale of tangible capital assets	2,850	2,850	5,127
Change in inventory	-	(41)	(414)
Change in prepaid expenses	-	(3,664)	(1,670)
Change in net debt	20,184	44,156	14,501
Net debt, beginning of year	(85,343)	(85,343)	(99,844)
<b>Net debt, end of year</b>	\$ (65,159)	\$ (41,187)	\$ (85,343)

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

# THE REGIONAL MUNICIPALITY OF NIAGARA

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2018 (In thousands of dollars)

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 71,828	\$ 47,663
Items not involving cash:		
Amortization of tangible capital assets	82,301	85,944
Loss on sale of tangible capital assets	1,295	2,042
Contributed tangible capital assets	(3,615)	(428)
Change in employee future benefits and post-employment liabilities	3,018	339
Change in landfill closure and post-closure liability	(17,794)	(1,170)
Change in non-cash assets and liabilities:		
Accounts receivable	(2,131)	6,065
Other current assets	(117)	57
Accounts payable and accrued liabilities	(8,026)	(2,590)
Deferred revenue	36,098	29,222
Inventory	(41)	(414)
Prepaid expenses	(3,664)	(1,670)
Net change in cash from operating activities	159,152	165,060
<b>CAPITAL ACTIVITIES</b>		
Proceeds on sale of tangible capital assets	2,850	5,127
Cash used to acquire tangible capital assets	(104,039)	(116,971)
Net change in cash from capital activities	(101,189)	(111,844)
<b>INVESTING ACTIVITIES</b>		
Proceeds on sale of investments	35,135	56,692
Purchase of investments	(140,425)	(98,237)
Net change in cash from investing activities	(105,290)	(41,545)
<b>FINANCING ACTIVITIES</b>		
Proceeds on debt issued and assumed	38,999	59,796
Long-term debt repaid	(26,759)	(29,815)
Increase in sinking fund assets	(1,776)	(411)
Net change in cash from financing activities	10,464	29,570
Net change in cash	(36,863)	41,241
Cash, beginning of year	143,765	102,524
<b>Cash, end of year</b>	<b>\$ 106,902</b>	<b>\$ 143,765</b>
Cash paid for interest	12,993	12,430
Cash received from interest	15,175	15,256
Investing and financing activities on behalf of others:		
Debt issued on behalf of others	48,230	50,247
Repayment made on behalf of others	27,956	27,386

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



# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

---

### 1. Significant accounting policies:

The Regional Municipality of Niagara (the "Region") is an upper-tier municipality in the Province of Ontario (the "Province"), Canada. The provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation guide its operations.

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

(a) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Region and which are owned or controlled by the Region. These entities and organizations include:

Niagara Regional Police Services

Niagara Regional Housing

Court Services Operations

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

(ii) Trust funds:

Trust funds and their related operations administered by the Region are not included in these consolidated financial statements.

(b) Basis of accounting:

The Region 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/or the creation of a legal obligation to pay.

(c) Investments:

Investments consist of bonds and money market notes and are stated at the lower of cost and market value. Gains and losses on investments are recorded when incurred.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

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

(f) 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.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Landfill and land improvements	3 – 50
Building and building improvements	3 – 60
Vehicles, machinery and equipment	4 – 20
- Vehicles	3 – 60
- Machinery and equipment	25 – 100
Water and wastewater infrastructure	40
Roads infrastructure	60
- Base	10
- Bridge and culvert	
- Surface	

Landfill sites are amortized using the units of production method based upon capacity used during the year.

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction (work in progress) are not amortized until the asset is in service.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Intangible assets:

Intangible assets and natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

(iv) Interest capitalization:

The Region's tangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of a tangible capital asset.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

---

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

(f) Non-financial assets (continued):

(v) Leases:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(vi) Inventories:

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

(g) Reserves and reserve funds:

Certain amounts, as approved by Regional Council are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective reserve when approved. Reserves are presented on the consolidated statement of financial position in accumulated surplus.

(h) Government transfers:

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount 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.

(i) Deferred revenue:

Deferred revenues represent development charges collected under the Development Charges Act (1997), grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts are recognized as revenues in the fiscal year the services are performed.

(j) Taxation revenue:

Property tax revenue is recognized on an accrual basis when the tax is authorized by the passing of the tax levy by-law. Taxes are levied on properties listed on the assessment roll at the time the by-law is passed based on approved budget and tax rates. Supplementary taxation is recognized as additional billings are issued for properties that are added to the assessment roll during the year.

At year end, the Region evaluates the likelihood of having to repay taxes as a result of tax appeals or other changes and recognizes the liability if the amount can be reasonable estimated.

(k) Investment income:

Investment income earned on surplus current fund, capital fund, reserves and reserve funds (other than development charge reserve funds) are reported as revenue in the period earned. Investment income earned on development charge reserve funds is added to the fund balance and forms part of the deferred development charges balance.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

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

(l) Use of estimates:

The preparation of consolidated financial statements 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 date of the consolidated financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for tax write-offs, accrued liabilities, landfill closure and post-closure liability, contaminated site liability, certain payroll liabilities and in performing actuarial valuations of employee future benefits and post-employment liabilities. Amounts recorded for amortization of tangible capital assets are based on estimates of useful service life. Actual results could differ from these estimates.

(m) Municipal cost-sharing:

The Region acts as an intermediary to administer capital projects for the acquisition of assets belonging to local area municipalities. Funding received and expenses incurred relating to the local area municipalities share of these projects amounted to \$982 (2017 - \$4,312) and is not reflected in these consolidated financial statements.

### 2. Investments:

Investments reported on the consolidated statement of financial position at the lower of cost or market have market values as follows:

	2018		2017	
	Cost	Market Value	Cost	Market Value
Investments	\$ 585,420	\$ 594,219	\$ 480,130	\$ 490,658

The Region has purchased \$5,961 (2017- \$5,141) of its own debentures issued on behalf of itself and local area municipalities which have not been cancelled. This investment in own debentures is included in investments on the consolidated statement of financial position. The Region's share of the gross outstanding amount of these debentures is \$39,742 (2017 - \$917). Coupon rates for these debentures ranged from 3.10% to 3.95%.

### 3. Accounts receivable:

Accounts receivable are reported net of a valuation allowance of \$643 (2017 - \$1,128).

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

#### 4. Employee future benefits and post-employment liabilities:

The Region provides certain employee benefits which will require funding in future periods. These benefits include benefits under the Workplace Safety and Insurance Board (“WSIB”) Act, sick leave, life insurance, extended health and dental benefits for early retirees.

	2018	2017
Workplace Safety & Insurance Board	\$ 42,407	\$ 41,394
Accumulated Sick Leave	13,544	14,149
Retiree benefits	34,909	34,267
Vacation pay	9,587	8,953
Other post-employment liabilities	3,974	2,640
<b>Total employee future benefits and post-employment liabilities</b>	<b>\$ 104,421</b>	<b>\$ 101,403</b>

Employee future benefits and post-employment benefits reported on the consolidated statement of financial position by entity consist of the following:

	2018	2017
Niagara Regional Police Services	\$ 59,976	\$ 57,006
Niagara Regional Housing	1,738	1,390
Niagara Region	42,707	43,007
<b>Total</b>	<b>\$ 104,421</b>	<b>\$ 101,403</b>

The Region has established reserve funds to mitigate the future impact of these obligations. These reserves were created under municipal by-law and do not meet the definition of a plan asset under PSAS PS3250 Retirement Benefits. Therefore, for the purposes of these financial statements, the plans are considered unfunded. These reserve funds are presented in the consolidated statement of financial position within accumulated surplus. Reserves relating to these liabilities are summarized by entity below:

	2018	2017
Niagara Regional Police Services	\$ 8,902	\$ 8,702
Niagara Regional Housing	793	793
Niagara Region	24,845	24,994
<b>Total (Note 10)</b>	<b>\$ 34,539</b>	<b>\$ 34,489</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

#### 4. Employee future benefits and post-employment liabilities (continued):

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

	2018			Total
	Niagara Regional Police	Niagara Regional Housing	Niagara Region	
Accrued benefit obligation:				
Balance, beginning of year	\$ 59,187	\$ 1,779	\$ 37,098	\$ 98,064
Current benefit cost	5,370	344	2,481	8,195
Interest	1,724	51	826	2,601
Actuarial loss (gain)	3,761	(1,591)	11,584	13,754
Benefits paid	(5,184)	(123)	(2,809)	(8,116)
Balance, end of year	64,858	460	49,180	114,498
Unamortized actuarial gain (loss)	(4,882)	1,278	(6,473)	(10,077)
Liability	\$ 59,976	\$ 1,738	\$ 42,707	\$ 104,421

	2017			Total
	Niagara Regional Police	Niagara Regional Housing	Niagara Region	
Accrued benefit obligation:				
Balance, beginning of year	\$ 58,125	\$ 1,462	\$ 36,671	\$ 96,259
Current benefit cost	2,865	344	1,966	5,175
Interest	1,774	45	845	2,664
Actuarial loss (gain)	1,349	35	395	1,779
Benefits paid	(4,926)	(107)	(2,779)	(7,813)
Balance, end of year	59,187	1,779	37,098	98,064
Unamortized actuarial gain (loss)	(2,181)	(389)	5,909	3,339
Liability	\$57,006	\$1,390	\$43,007	\$101,403

Included in expenses is \$338 (2017 - \$313) for amortization of the actuarial gain. The unamortized actuarial gain is amortized over the expected average remaining service life as listed below:

Accumulated Sick Leave Benefit Plan entitlements	6 - 12 years
Retiree benefits	16 - 21 years

The most recent actuarial valuation was completed as at December 31, 2018 with estimates to December 31, 2021.



# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

---

#### 4. Employee future benefits and post-employment liabilities (continued):

##### **Workplace Safety and Insurance Board (“WSIB”)**

With respect to responsibilities under provisions of the Workplace Safety and Insurance Act the Region has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. An actuarial estimate of future liabilities of the Region under the provisions of the Workplace Safety and Insurance Act has been completed and forms the basis for the estimated liability reported in these financial statements.

The unamortized actuarial gain on future payments required to WSIB is amortized over the expected period of the liability which is 11 years.

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

##### Discount rate

The obligation of the present value of future liabilities as at December 31, 2018 and the expense for the year ended December 31, 2018, were determined using a discount rate of 3.75% (2017 – 2.9%).

##### Administration costs

Administration costs were assumed to be 32% (2017 – 34.3%) of the compensation expense.

##### Compensation expense

Compensation costs include loss of earnings benefits, health care costs and non-economic loss awards, were assumed to increase at a rate of 2.0% per annum (2017 – 2.0%).

##### **Accumulated sick leave**

Under the accumulated sick leave benefit plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment when they leave the Region’s employment.

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

##### Discount rate

The obligation as at December 31, 2018, of the present value of future liabilities and the expense for the year ended December 31, 2018, were determined using a discount rate of 3.75% (2017 – 2.9%).

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

---

#### 4. Employee future benefits and post-employment liabilities (continued):

##### ***Retiree benefits***

The Region pays certain life insurance benefits on behalf of retired employees as well as extended health and dental benefits for early retirees to age 65 and Health Care Spending Accounts for certain retirees until the age of 70 or 75 depending on year of retirement. The Region recognizes these post-retirement costs in the period in which the employees rendered the services.

The unamortized actuarial loss on retiree benefits is amortized over the expected average remaining service life of 10 years.

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

##### Discount rate

The obligation as at December 31, 2018, of the present value of future liabilities and the expense for the year ended December 31, 2018, were determined using a discount rate of 3.75% (2017 - 3.0%).

##### Medical costs

Medical costs were assumed to increase at the rate of 3.42% (2017 - 6.25%) per year, reducing to 2.75% in 2022 and thereafter.

##### Dental costs

Dental costs were assumed to increase at the rate of 2.75% (2017 - 3%) per year.

##### Inflation

Inflation was assumed to be 1.75% (2017 – 2.0%) per year.

##### **Other pension plans**

The Region makes contributions to the Ontario Municipal Employees Retirement Fund (“OMERS”), which is a multi-employer plan. 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 Region accounts for its participation in OMERS as a defined contribution plan. The OMERS Plan ended 2018 with a funding deficit of \$4.2 billion. The funded ratio has increased to 96% from 94% in 2017. The funded ratio has increased for the sixth consecutive year.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

---

#### 4. Employee future benefits and post-employment liabilities (continued):

##### Other pension plans (continued)

The amount contributed to OMERS for 2018 was \$30,473 (2017 - \$29,459) for current service and is included as an expense on the consolidated statement of operations. Employees' contribution to OMERS in 2018 were \$30,453 (2017 - \$29,459).

Contributions for employees with a normal retirement age of 65 were being made at rate of 9.0% (2017 – 9.0%) for earnings up to the yearly maximum pensionable earnings of \$55.90 (2017 - \$55.30) and at a rate of 14.6% (2017 – 14.6%) for earnings greater than the yearly maximum pensionable earnings. For uniformed police officers with a normal retirement age of 60, those rates were 9.2% (2017 - 9.2%) and 15.8% (2017 - 15.8%) respectively.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

### 5. Deferred revenue:

In accordance with PSAS, obligatory reserve funds are reported as deferred revenue. The Region treats development charges and gas tax as obligatory reserve funds. The Region has obligatory reserve funds in the amount of \$154,762 (2017 - \$116,321). These reserve funds are considered obligatory as Provincial and Federal legislation restricts how these funds may be used, and under certain circumstances, how these funds may be refunded.

Amounts related to development charges collected are recognized as revenue when the Region has approved and incurred the expenses for the capital works for which the development charges were raised. These funds have been set aside, as required by the Development Charges Act (1997), to defray the cost of growth related capital projects associated with new development.

In 2008, Investing in Ontario approved a total funding of \$20,157 for capital infrastructure. Revenue is recognized as expenses are incurred. The remaining balance of \$10,617 has been set aside for the construction of the South Niagara East-West Corridor. This project is planned for 2020 - 2021.

The deferred revenues, reported on the consolidated statement of financial position, are made up of the following:

	2018	2017
Development charges	\$ 134,530	\$ 97,197
Gas tax	20,232	19,124
Obligatory reserve funds	154,762	116,321
Investing in Ontario Grant	10,617	10,617
Other deferred revenue	12,941	15,284
Balance, end of year	\$ 178,320	\$ 142,222

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

### 5. Deferred revenue (continued):

The continuity of obligatory reserve funds are summarized below:

Development charges:

	2018	2017
Balance, beginning of year	\$ 97,197	\$ 81,591
Externally restricted inflows	48,817	26,521
Revenue earned	(13,387)	(11,761)
Investment income	1,903	846
Balance, end of year	\$ 134,530	\$ 97,197

Gas tax:

	2018	2017
Balance, beginning of year	\$ 19,124	\$ 12,181
Externally restricted inflows	14,416	14,110
Revenue earned	(13,630)	(7,315)
Investment income	323	148
Balance, end of year	\$ 20,233	\$ 19,124

### 6. Landfill closure and post-closure liability:

The Region owns and monitors 14 landfill sites, two of which are open and operating. The liability for closure of operational sites and post-closure care has been recognized based upon the usage of the site's capacity during the year. Landfill closure and post-closure care are activities that are expected to occur in perpetuity and requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The costs were based upon the 2018 budget and inflation adjusted at a rate of 1.75% per annum (2017 – 2.0%) until the end of contamination. These costs were then discounted to December 31, 2018 using a discount rate of 3.75% (2017 – 3.1%). Post-closure care is estimated to be required for the contaminating lifespan of landfill sites up to 40 years (2017 – 40 years). The liability for closure and post-closure care as at December 31, 2018 is \$61,397 (2017 - \$79,191). Estimated total expenditures for closure and post-closure care are \$75,440 (2017 - \$101,893). The liability remaining to be recognized is \$14,043 (2017 - \$22,702). It is estimated that the life of open landfill sites range from 32 to 47 years with an estimated total remaining capacity of 3,473 cubic meters.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

### 7. Contaminated site liability:

A liability for the remediation of contaminated sites is recognized as the best estimate of the amount required to remediate the contaminated sites when the following criteria are met: contamination exceeding an environmental standard exists, the Region is either directly responsible or accepts responsibility for the remediation, it is expected that the future economic benefit will be given up, and a reasonable estimate of the amount is determinable. If the likelihood of the Region's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.

As at December 31, 2018 there are no contaminated sites that meet the specified criteria and no liability (2017 - \$nil) for contaminated sites has been recorded in the consolidated financial statements.

### 8. Net long-term liabilities:

- (a) As well as incurring long-term liabilities for regional purposes, the Region also incurs long-term liabilities on behalf of the area municipalities. The responsibility for raising the amounts required to service this debt lies with the respective area municipalities.

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

	2018	2017
Long-term liabilities incurred by the Region (including capital lease)	\$ 676,851	\$ 644,083
Less: Sinking fund assets	(14,193)	(12,161)
Long-term debt	\$ 662,658	\$ 631,922
Debt recoverable from others net of sinking fund assets (long-term liabilities incurred by the Region for which other entities have assumed responsibility)	(305,684)	(285,412)
Net long-term debt, end of year	\$ 356,974	\$ 346,510

- (b) The long-term liabilities in (a) issued in the name of the Region 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.



# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

### 8. Net long-term liabilities (continued):

- (c) The Region issued sinking fund debentures of \$78,079 payable on June 30, 2040 and bearing interest at the rate of 5.2% per annum. The sinking fund debentures are included in long-term liabilities in (a) and include \$9,333 borrowed on behalf of the City of St. Catharines and shown as debt recoverable from others. The City of St. Catharines share of the sinking fund assets have been removed from the debt recoverable from others in (a). Annual principal payments into the sinking fund of \$1,512 are due June 30 of each year. These payments are reflected as principal repayments in (e).
- (d) The Region is contingently liable for long-term liabilities with respect to debt issued for area municipalities, school boards, tile drainage and shoreline property assistance. The total amount outstanding as at December 31, 2018 is \$305,684 (2017 - \$285,412) and is reported on the consolidated statement of financial position as debt recoverable from others.
- (e) Principal payments to be funded by the Region, including sinking fund payments and capital lease obligations, due in each of the next five years are as follows:

	2018
2019	33,936
2020	27,745
2021	23,366
2022	23,061
2023	22,625
Thereafter	226,241
	<b>\$ 356,974</b>

Total interest on net long-term liabilities which are reported on the consolidated statement of operations amounted to \$13,212 in 2018 (2017 - \$12,740). The long-term liabilities bear interest at rates ranging from 1.20% to 4.90%. The interest on long-term liabilities assumed by the municipalities or by individuals in the case of tile drainage and shoreline property assistance loans are not reflected in these consolidated financial statements.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

### 9. Tangible capital assets:

	2018							
	Land	Landfill and Land Improvements	Building and Building Improvements	Vehicles, Machinery and Equipment	Water and Wastewater Infrastructure	Roads Infrastructure	Work in progress	Total
<b>Cost</b>								
Balance, beginning of year	\$ 221,881	\$ 98,785	\$ 764,034	\$ 621,224	\$ 364,394	\$ 740,512	\$ 114,490	\$ 2,925,320
Additions/transfers	1,691	2,538	10,617	21,010	13,234	24,453	34,111	107,654
Disposals	-	(277)	(656)	(14,612)	(37)	(5,341)	-	(20,923)
<b>Balance, end of year</b>	<b>223,572</b>	<b>101,046</b>	<b>773,995</b>	<b>627,622</b>	<b>377,591</b>	<b>759,624</b>	<b>148,601</b>	<b>3,012,051</b>
<b>Accumulated Amortization</b>								
Balance, beginning of year	-	50,853	340,825	386,901	93,679	321,912	-	1,194,170
Disposals	-	(277)	(421)	(14,095)	(18)	(4,726)	-	(19,537)
Amortization expense	-	3,293	23,106	31,014	5,058	19,830	-	82,301
<b>Balance, end of year</b>	<b>-</b>	<b>53,869</b>	<b>363,510</b>	<b>403,820</b>	<b>98,719</b>	<b>337,016</b>	<b>-</b>	<b>1,256,934</b>
<b>Net Book Value, end of year</b>	<b>\$ 223,572</b>	<b>\$ 47,177</b>	<b>\$ 410,485</b>	<b>\$ 223,802</b>	<b>\$ 278,872</b>	<b>\$ 422,608</b>	<b>\$ 148,601</b>	<b>\$ 1,755,117</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

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

	2017							
	Land	Landfill and Land Improvements	Building and Building Improvements	Vehicles, Machinery and Equipment	Water and Wastewater Infrastructure	Roads Infrastructure	Work in progress	Total
<b>Cost</b>								
Balance, beginning of year	\$ 207,504	\$ 92,958	\$ 742,724	\$ 592,332	\$ 330,959	\$ 729,220	\$ 124,929	\$ 2,820,626
Additions/transfers	15,677	5,904	21,849	37,724	38,415	11,292	(10,439)	120,422
Disposals	(1,300)	(77)	(539)	(8,832)	(4,980)	-	-	(15,728)
<b>Balance, end of year</b>	<b>221,881</b>	<b>98,785</b>	<b>764,034</b>	<b>621,224</b>	<b>364,394</b>	<b>740,512</b>	<b>114,490</b>	<b>2,925,320</b>
<b>Accumulated Amortization</b>								
Balance, beginning of year	-	47,163	318,705	365,115	72,495	317,076	-	1,120,554
Disposals	-	(77)	(304)	(7,664)	(4,303)	-	-	(12,328)
Amortization expense	-	3,767	22,424	29,430	25,487	4,836	-	85,944
<b>Balance, end of year</b>	<b>-</b>	<b>50,853</b>	<b>340,825</b>	<b>386,901</b>	<b>93,679</b>	<b>321,912</b>	<b>-</b>	<b>1,194,170</b>
<b>Net Book Value, end of year</b>	<b>\$ 221,881</b>	<b>\$ 47,932</b>	<b>\$ 423,209</b>	<b>\$ 234,323</b>	<b>\$ 270,715</b>	<b>\$ 418,600</b>	<b>\$ 114,490</b>	<b>\$ 1,731,150</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

---

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

(a) Work in progress

Work in progress having a value of \$148,601 (2017 - \$114,490) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets

Contributed capital assets are recognized at fair market value at the date of contribution. Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned. The value of contributed assets transferred to the Region during the year is \$3,615 (2017 - \$428).

(c) Works of art and historical treasures

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

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

### 10. Accumulated Surplus:

Accumulated surplus consists of balances as follows:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 1,398,144	\$ 1,384,640
Capital fund – unexpended capital financing	226,159	189,895
Operating fund	(12,686)	(10,667)
Unfunded		
Landfill closure and post-closure liability	(61,397)	(79,191)
Employee future benefits and post-employment liabilities	(103,112)	(100,234)
Total surplus	1,447,108	1,384,443
Reserves and reserve funds set aside by Council:		
Ambulance communication	37	1,275
Circle route initiatives	1,383	1,383
Employee benefits	34,539	34,489
Encumbrances	19,494	17,531
General capital levy	26,221	24,723
Niagara Regional Housing	10,439	11,780
Court Services facilities renewal	1,650	1,650
Public liability self-insurance	2,270	2,270
Replacement of equipment	224	224
Smart growth	201	451
Taxpayer relief reserve	26,539	24,821
Waste management operations	24,330	27,136
Wastewater operations	46,228	49,130
Water operations	91,930	77,364
Landfill	8,288	5,377
Other reserves and reserve funds	1,245	6,251
Total reserves and reserve funds	295,018	285,855
Total accumulated surplus	\$ 1,742,126	\$ 1,670,298

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

### 11. Trust funds:

Trust funds administered by the Region amounting to \$958 (2017 - \$924) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations. The financial position and activities of the trust funds are reported separately in the trust fund financial statements.

### 12. Commitments:

- (a) The Region has outstanding contractual obligations of approximately \$93,111 (2017 - \$76,985) for public works projects. These costs include holdbacks. The holdbacks related to work completed as of December 31, 2018 have been accrued. Regional council has authorized the financing of these obligations.
- (b) The Region is committed to paying principal and interest payments on provincial debentures issued to finance the properties transferred to Niagara Regional Housing from Ontario Housing Corporation. The debentures are outstanding in the amount of \$8,750 (2017 - \$10,429). Annual payments of \$2,159 (2017 - \$2,323) have been charged to current operations.
- (c) The Region enters into various service contracts and other agreements in the normal course of business, which have been approved by the appropriate level of management or by Council but which have not been reported as commitments.
- (d) Minimum annual lease payments:

The Region has commitments under various building, land and equipment lease agreements with minimum annual lease payments as follows:

	2018
2019	2,038
2020	1,546
2021	905
2022	395
2023	148
Thereafter	1,356
	<b>\$ 6,388</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

---

### 13. Contingent liabilities:

At December 31, 2018, the Region has been named defendant or co-defendant in a number of outstanding legal actions. No provision has been made for any claims that are expected to be covered by insurance or where the consequences are undeterminable. A provision of \$10,935 (2017 - \$11,670) has been made for those claims not expected to be covered by insurance.

### 14. Public liability insurance:

The Region has undertaken a portion of the risk for public liability as a means of achieving efficient and cost effective risk management. The Region is self-insured for public liability claims up to \$1,000 for any individual claim and \$1,000 for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these amounts up to \$20,000 per occurrence for claims incurred prior to November 2013, and \$50,000 per occurrence for claims incurred after November 2013.

The Region has a reserve fund for allocated self-insurance claims which as at December 31, 2018 amount to \$2,270 (2017 - \$2,270) and is reported on the consolidated statement of financial position under accumulated surplus. An amount of \$nil (2017- \$nil) has been transferred from this reserve fund in the current year.

Payments charged against operations in the current year amounted to \$3,972 (2017 - \$11,233).

### 15. Self-funded employee benefit plans:

The Region provides a group health and dental plan for certain employees and has assumed the full liability for payment of benefits under this plan.

Payments charged against operations in the current year amounted to \$17,754 (2017 - \$17,811).



# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

### 16. Government transfers:

The government transfers reported on the consolidated statement of operations are:

	Budget	2018	2017
Revenue:			
Government of Canada:			
General government	\$ -	\$ -	\$ -
Transportation services	12,070	12,059	9,571
Environmental services	2,602	2,602	4,668
Health services	-	53	58
Social and family services	990	2,339	2,632
Social housing	7,787	7,787	8,931
Planning and development	100	146	55
	<b>23,549</b>	<b>24,986</b>	<b>25,915</b>
Province of Ontario:			
General government	1,937	1,930	1,903
Protection to persons and property	9,978	10,007	9,176
Transportation services	1,569	1,558	1,129
Environmental services	1,127	1,127	1,285
Health services	61,989	62,419	60,723
Social and family services	233,599	226,638	209,037
Social housing	19,248	18,306	11,516
Planning and development	-	35	-
	<b>329,447</b>	<b>322,020</b>	<b>294,769</b>
Other municipalities:			
General government	70	200	169
Protection to persons and property	348	332	367
Transportation services	576	576	731
Environmental services	(480)	(500)	700
	<b>514</b>	<b>608</b>	<b>1,967</b>
<b>Total revenues</b>	<b>\$ 353,510</b>	<b>\$ 347,614</b>	<b>\$ 322,651</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

---

### 17. Segmented information:

Segmented information has been identified based upon functional areas by the Region.

The functional areas have been separately disclosed in the segmented information as follows:

(i) General government:

General government consists of the general management of the Region, including adopting by-laws and policy, levying taxes, issuing debentures and providing administrative, technical, facility management, and financial services.

(ii) Protection to persons and property:

Protection to persons and property is comprised of Police Services and Court Services. The mandate of Police Services is to ensure the safety of the lives and property of citizens, preserve peace and good order, prevent crimes from occurring, detect offenders and enforce the law. Court Services is responsible for administering and prosecuting Provincial Offences including those committed under the Highway Traffic Act, the Compulsory Automobile Insurance Act, the Trespass to Property Act, the Liquor License Act and other provincial legislation, municipal by-laws and minor federal offences. Court Services governs all aspects of the legal prosecution process, from serving an offence notice to an accused person to conducting trials including sentencing and appeals.

(iii) Transportation services:

Transportation services is responsible for the planning, design, operation and maintenance of the roadway system, the maintenance of parks and open space, and street lights.

(iv) Environmental services:

Environmental services is responsible for the engineering and operation of the water and wastewater systems and waste management. Waste management encompasses solid waste collection and disposal and Niagara Recycling.

(v) Health services:

The Public Health Department offers a range of programs related to health services that includes protection and promotion, disease and injury prevention and also oversees the Emergency Services Division ("ESD") that encompasses both Land Ambulance ("Paramedic") Services and Land Ambulance Communications ("Dispatch") Services.

(vi) Social and family services:

The Community Services department is responsible for providing public services that sustains and supports individuals, families and communities. Programs and services are delivered through Senior Services, Children's Services, Social Assistance and Employment Opportunities and Homelessness Services and Community Engagement.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

---

### 17. Segmented information (continued):

(vii) Social housing:

Social housing is responsible for providing and advocating for secure, affordable housing in the Region.

(viii) Planning and development:

The Planning and Development department provides information to Council and the community through working with partners and community groups to support planning initiatives in the region, providing information to residents about Region programs and services. The planning and development department also supports the Region special initiatives.

Certain allocation methodologies are employed in the preparation of segmented information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenses. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges earned and developer contributions received are allocated to the segment for which the charge was collected.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

### 17. Segmented information (continued):

	2018								
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Social housing	Planning and development	Total
<b>Revenues:</b>									
Levies on area municipalities	\$ 328,702	-	-	\$ 34,602	-	-	-	-	\$ 363,304
User charges	178	8,510	3,937	161,464	386	26,892	14,192	1,083	216,641
Government transfers	2,118	10,339	14,205	3,230	62,473	228,976	26,092	181	347,614
Development charges earned	6	33	10,953	1,890	249	-	-	256	13,387
Investment income	16,234	-	-	-	2	-	376	-	16,613
Provincial offenses	-	7,336	-	-	-	-	-	-	7,336
Miscellaneous	6,579	1,574	(1,722)	5,655	1,117	503	455	73	14,234
<b>Total revenues</b>	<b>353,817</b>	<b>27,792</b>	<b>27,373</b>	<b>206,841</b>	<b>64,227</b>	<b>256,371</b>	<b>41,115</b>	<b>1,593</b>	<b>979,129</b>
<b>Expenses:</b>									
Salaries, wages and employee benefits	6,084	152,946	13,927	30,084	81,503	107,727	6,451	5,328	404,050
Operating expenses	16,091	17,066	27,287	63,173	13,609	81,667	22,582	2,381	243,856
External transfers	1,229	9,250	2,229	3,390	-	104,684	27,336	15,761	163,879
Debt services	13,188	-	27	-	-	-	-	-	13,215
Amortization	6,915	10,649	22,593	27,133	3,387	3,898	7,726	-	82,301
<b>Total expenses:</b>	<b>43,507</b>	<b>189,911</b>	<b>66,063</b>	<b>123,780</b>	<b>98,499</b>	<b>297,976</b>	<b>64,095</b>	<b>23,470</b>	<b>907,301</b>
<b>Annual surplus (deficit)</b>	<b>\$ 310,310</b>	<b>\$ (162,119)</b>	<b>\$ (38,690)</b>	<b>\$ 83,061</b>	<b>\$ (34,272)</b>	<b>\$ (41,605)</b>	<b>\$ (22,980)</b>	<b>\$ (21,877)</b>	<b>\$ 71,828</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

### 17. Segmented information (continued):

	2017								
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Social housing	Planning and development	Total
<b>Revenues:</b>									
Levies on area municipalities	\$ 315,266	-	-	\$ 34,891	-	-	-	-	\$ 350,157
User charges	259	8,196	4,221	163,343	446	26,314	13,694	746	217,219
Government transfers	2,071	9,543	11,431	6,653	60,781	211,669	20,448	55	322,651
Development charges earned	146	2,700	6,141	2,725	-	-	-	49	11,761
Investment income	15,673	-	-	-	2	-	318	-	15,993
Provincial offenses	-	6,811	-	1	-	-	-	-	6,812
Miscellaneous	3,924	(4,745)	5,257	4,204	338	663	244	67	9,952
<b>Total revenues</b>	<b>372,230</b>	<b>22,505</b>	<b>27,050</b>	<b>176,926</b>	<b>61,567</b>	<b>238,646</b>	<b>34,704</b>	<b>917</b>	<b>934,545</b>
<b>Expenses:</b>									
Salaries, wages and employee benefits	5,624	148,081	14,623	30,267	76,359	102,937	5,998	4,471	388,360
Operating expenses	16,387	17,782	21,255	81,049	13,341	68,268	21,855	1,682	241,619
External transfers	622	9,342	142	5,024	52	104,702	31,811	6,514	158,209
Debt services	12,750	-	-	-	-	-	-	-	12,750
Amortization	6,717	10,155	27,668	27,168	2,999	3,771	7,466	-	85,944
<b>Total expenses:</b>	<b>42,100</b>	<b>185,360</b>	<b>63,688</b>	<b>143,508</b>	<b>92,751</b>	<b>279,678</b>	<b>67,130</b>	<b>12,667</b>	<b>886,882</b>
<b>Annual surplus (deficit)</b>	<b>\$ 330,131</b>	<b>\$ (162,855)</b>	<b>\$ (36,638)</b>	<b>\$ 33,418</b>	<b>\$ (31,184)</b>	<b>\$ (41,032)</b>	<b>\$ (32,426)</b>	<b>\$ (11,750)</b>	<b>\$ 47,663</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

### 18. Budget data:

The budget amounts presented in these consolidated financial statements are based upon the 2018 operating and capital budgets approved by Council on December 7, 2017. The chart below reconciles the approved budget to the budget amounts 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 budget amounts used are based on actual projects that took place during the year 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.

	Budget Amount
<b>REVENUES</b>	
Operating	
Approved budget	\$ 934,235
Budget Amendments	1,160
Budget Adjustments	33,950
Expenses classified as revenue	(3,166)
Capital:	
Development charges	12,396
Grants and subsidies	27,510
Other contributions	4,816
Gain on sale of tangible capital assets	(1,295)
Less:	
Transfers from reserves	(32,835)
Proceeds on sale of tangible capital assets	(2,937)
<b>Total revenue</b>	<b>973,834</b>
<b>EXPENSES</b>	
Operating	
Approved budget	\$ 934,235
Budget Amendments	1,160
Budget Adjustments	33,950
Expenses classified as revenue	(3,166)
Add:	
Capital project cost resulting in operating expenses	9,033
Amortization	82,301
Employee future benefits	2,920
Landfill liability	(17,794)
Less:	
Operating expenses resulting in tangible capital assets	(1,794)
Transfers to reserves, including capital	(71,497)
Debt principal payments	(39,665)
<b>Total expenses</b>	<b>929,683</b>
<b>Annual surplus</b>	<b>\$ 44,151</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

---

**19. Comparative figures:**

Certain prior year figures have been reclassified to conform to the consolidated financial statement presentation adopted in the current year.



## Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of  
the Regional Municipality of Niagara

### Opinion

We have audited the financial statements of the trust funds of the Regional Municipality of Niagara (the "Region"), which comprise the statement of financial position as at December 31, 2018, and the statements of financial activities and change in fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the trust funds of the Region as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Region'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 Region or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Region'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 GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 Region'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 Region'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 Region to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Region 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.

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

"Original signed by Deloitte"

Chartered Professional Accountants  
Licensed Public Accountants  
May 16, 2019

# THE REGIONAL MUNICIPALITY OF NIAGARA

## SINKING FUND STATEMENT OF FINANCIAL POSITION

As at December 31, 2018 (In thousands of dollars)

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash	\$ 169	\$ 252
Interest receivable	65	35
Due from operating fund	5	5
Investments (note 2)	13,960	11,873
	<b>14,199</b>	<b>12,165</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	4	4
Sinking fund requirements		
City of St. Catharines	1,665	1,431
The Regional Municipality of Niagara	12,265	10,540
	<b>13,934</b>	<b>11,975</b>
Accumulated surplus and net financial assets	\$ 265	\$ 190

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

# THE REGIONAL MUNICIPALITY OF NIAGARA

## SINKING FUND STATEMENT OF OPERATIONS AND CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31, 2018 (In thousands of dollars)

	2018	2017
<b>REVENUES</b>		
Contributions	\$ 1,512	\$ 1,512
Investment Income	528	457
Total revenues	2,040	1,969
<b>EXPENSES</b>		
Professional fees and dues	7	4
Provision for sinking fund requirements	1,958	1,891
Total expenses	1,965	1,895
Annual Surplus	75	74
Accumulated surplus and net financial assets, beginning of year	190	116
Accumulated surplus and net financial assets, end of year	\$ 265	\$ 190

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

# THE REGIONAL MUNICIPALITY OF NIAGARA

## SINKING FUND STATEMENT OF CASH FLOWS

For the year ended December 31, 2018 (In thousands of dollars)

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 75	\$ 74
Change in non-cash assets and liabilities:		
Interest receivable	(30)	3
Due from operating fund	-	3
Net change in cash from operating activities	45	80
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(2,087)	(1,920)
Net change in cash from investing activities	(2,087)	(1,920)
<b>FINANCING ACTIVITIES</b>		
Increase in sinking fund requirements	1,959	1,891
Net change in cash from financing activities	1,959	1,891
Net change in cash	(83)	51
Cash, beginning of year	252	201
Cash, end of year	\$ 169	\$ 252

The accompanying notes are an integral part of these financial statements

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO SINKING FUND FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

---

### 1. Significant accounting policies:

The financial statements of sinking funds of The Regional Municipality of Niagara (the "Region") are the representation of management prepared in accordance with Canadian public sector accounting standards.

The sinking fund is a separate fund maintained for the purpose of providing for the repayment of all sinking fund debt when it becomes due. The Region issued sinking fund debentures of \$78,079 payable on June 30, 2040 and bearing interest at the rate of 5.2% per annum. Included in the sinking fund debenture is \$9,333 borrowed on behalf of the City of St. Catharines, representing a proportionate share of 11.95%. Annual interest payments on the sinking fund debt are \$4,060.

Significant accounting policies adopted by the Region for the sinking funds are as follows:

(a) Basis of accounting:

The Region's sinking fund follows the accrual method of accounting for revenues and expenses.

(b) Sinking fund requirements:

The requirements of the sinking fund represent the amounts required which, together with interest compounded annually, will be sufficient to retire the related debentures at maturity. The requirements were calculated using a rate of 3.5% per annum.

(d) Investment income:

Investment income is reported as revenue in the period earned.

### 2. Investments:

The investments consist of municipal bonds and are carried at cost. At December 31, 2018 the investments have a market value of \$14,254 (2017 - \$12,856)

## Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the  
Regional Municipality of Niagara

### Opinion

We have audited the financial statements of the Sinking Funds of the Regional Municipality of Niagara (the "Region"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the sinking funds of the Region as at December 31, 2018, and the results of its operations, changes in net financial assets, 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Region in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and those Charged with Governance for the 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 Region'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 Region or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Region'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 GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 Region'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 Region'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 Region to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Region 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.

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

"Original signed by Deloitte"

Chartered Professional Accountants  
Licensed Public Accountants  
May 16, 2019



# THE REGIONAL MUNICIPALITY OF NIAGARA

## TRUST FUNDS STATEMENT OF FINANCIAL POSITION

For the year ended December 31, 2018 (In thousands of dollars)

	2018	2017
<b>ASSETS</b>		
Cash	\$ 249	\$ 274
Due from Regional Municipality of Niagara	709	650
Fund balance	\$ 958	\$ 924

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

# THE REGIONAL MUNICIPALITY OF NIAGARA

## TRUST FUNDS STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE

For the year ended December 31, 2018 (In thousands of dollars)

	2018	2017
<b>REVENUE</b>		
Deposits from residents	\$ 492	\$ 487
Donations	227	183
	<u>719</u>	<u>670</u>
<b>EXPENSES</b>		
Expenditures for the benefit of residents	685	790
	<u>685</u>	<u>790</u>
Excess of revenues over expenses / (expenses over revenues)	34	(120)
Fund balance, beginning of year	924	1,044
Fund balance, end of year	\$ 958	\$ 924

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

# THE REGIONAL MUNICIPALITY OF NIAGARA

## TRUST FUNDS STATEMENT OF CASH FLOWS

For the year ended December 31, 2018 (In thousands of dollars)

	2018	2017
<b>OPERATING ACTIVITIES:</b>		
Excess of revenues over expenses / (expenses over revenues)	\$ 34	\$ (120)
Change in non-cash assets and liabilities		
Due from Regional Municipality of Niagara	(59)	(630)
Net change in cash from operating activities	(25)	(750)
Cash, beginning of year	274	1,024
Cash, end of year	\$ 249	\$ 274

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

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

---

### 1. Significant accounting policies:

These financial statements reflect the financial position, financial operations, and cash flows of funds held in trust by The Regional Municipality of Niagara ("the Region") for residents of the eight long-term care homes:

- Gilmore Lodge
- Upper Canada Lodge
- Deer Park Villa
- Woodlands of Sunset
- Linhaven
- Rapelje Lodge
- Northland Point
- Meadows of Dorchester

These financial statements are the representation of management and are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, and reflect the following policies:

(a) Basis of Accounting:

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue.

Expenses are recorded in the period the goods and services are acquired and a liability is incurred, or transfers are due.

(b) Uses of Estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

SECTION

3

STATISTICAL

For the year ended December 31, 2018

Prepared by Enterprise Resource  
Management Services Department  
and the office of the Chief  
Administration Officer

Niagara Region | Ontario Canada  
[niagararegion.ca](http://niagararegion.ca)

# THE REGIONAL MUNICIPALITY OF NIAGARA

## FIVE YEAR STATISTICAL REVIEW

December 31, 2018, with comparative information for 2018-2014 (Unaudited - In thousands of dollars)

	2018	2017	2016	2015	2014
<b>STATISTICS</b>					
Population (a)	472,448	458,986	447,888	449,098	446,192
Number of households (b)	201,063	198,806	196,914	195,451	193,883
Niagara Region government full-time employees	3,741	3,547	3,497	3,497	3,412
Unemployment rates (a):					
Niagara Region	6.6%	6.7%	7.1%	7.0%	7.7%
Ontario	5.6%	6.1%	6.4%	6.8%	7.3%
Canada	5.8%	6.4%	6.9%	6.9%	6.9%
Average monthly Ontario Works caseloads	10,080	10,418	10,826	11,053	10,816
Housing starts (c)	2,332	2,440	2,530	1,911	1,927
Annual disposal residential solid waste (metric tonnes)	87,350	87,048	84,256	88,146	92,500
Annual diversion of residential solid waste (metric tonnes)	111,135	113,720	106,652	104,564	101,986
Annual supply of treated water (000 m3)	58,491	56,986	58,843	57,623	56,474
Annual wastewater flows (000 m3)	76,140	76,715	63,407	67,779	73,260
<b>BUILDING PERMIT VALUES</b>					
Agricultural & residential (a)	\$ 763,804	\$ 714,596	\$ 649,828	\$ 509,137	\$ 430,030
Business & commercial (a)	167,511	145,011	131,755	114,901	80,649
Industrial (a)	111,274	134,973	39,085	44,751	50,321
Government & institutional (a)	22,743	63,024	48,107	47,241	57,336
	\$ 1,065,332	\$ 1,057,604	\$ 868,775	\$ 716,030	\$ 618,336

**Note:**

- 2018 Waste Management values above are preliminary values based on initial submission for RPRA Blue Box Program Datacall – data verification and publication has not been completed by RPRA.

**Source:**

- (a) Statistics Canada
- (b) Municipal Property Assessment Corporation
- (c) CMHC Canadian Housing Observer

### NIAGARA REGION TOP EMPLOYERS (TOTAL # OF EMPLOYEES)

**Employer:**

1. District School Board of Niagara
2. Brock University
3. Niagara Health System
4. Niagara Region
5. Niagara Fallsview Casino Resort

# THE REGIONAL MUNICIPALITY OF NIAGARA

## FIVE YEAR STATISTICAL REVIEW

December 31, 2018, with comparative information for 2018-2014 (Unaudited - In thousands of dollars)

	2018	2017	2016	2015	2014
<b>AREA MUNICIPALITIES TAX LEVY &amp; COLLECTION EXPERIENCES</b>					
Current tax levy	n/a	893,568	871,219	846,694	823,823
Current tax levy collections	n/a	841,580	819,332	786,829	765,528
Current collection as a % of current levy	n/a	94.2%	94.0%	92.9%	92.9%
Total collections	n/a	889,307	876,343	842,882	819,835
Total collections as a % of current levy	n/a	99.5%	100.6%	99.5%	99.5%
Total tax arrears	n/a	47,414	51,203	61,630	70,219
Total tax arrears as a % of current levy	n/a	5.3%	5.9%	7.3%	8.5%
Regional tax levy	346,748	335,024	325,108	321,878	312,305
Regional government tax levy change (Net assessment decrease/increase after assessment growth)	2.00%	2.00%	-0.02%	1.92%	1.89%
<b>TAXABLE ASSESSMENT</b>					
Residential and farm	\$47,727,464	\$45,058,956	\$42,907,735	\$41,524,036	\$40,199,198
Commercial, industrial and business	7,654,672	7,238,493	7,090,274	6,911,357	6,661,150
<b>Total</b>	<b>\$55,382,136</b>	<b>\$52,297,449</b>	<b>\$49,998,009</b>	<b>\$48,435,393</b>	<b>\$46,860,348</b>
Per household	\$ 237,376	\$ 226,648	\$ 217,901	\$ 212,452	\$ 207,337
Commercial, industrial, business, as a % of taxable assessment	13.8%	13.8%	14.2%	14.3%	14.2%

### TOP FIVE REGIONAL COMMERCIAL TAXPAYERS

- OPB Realty (Pen Centre) Inc.
- The Outlet Collection (Niagara) Limited
- Steadfast Hospitality Inc.
- Calloway Real Estate Investment Trust Inc.
- 2100422 Ontario Limited

### TOP FIVE REGIONAL INDUSTRIAL TAXPAYERS

- General Motors of Canada Company
- Jungbunzlauer Canada Inc.
- 2433814 Ontario Inc.
- Cytec Canada Inc.
- Forty Creek Distillery Ltd.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## FIVE YEAR STATISTICAL REVIEW

December 31, 2018, with comparative information for 2018-2014 (Unaudited - In thousands of dollars)

	2018	2017	2016	2015	2014
<b>CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT</b>					
Annual surplus	\$ 71,828	\$ 47,663	\$ 72,419	\$ 87,569	\$ 55,722
Acquisition of tangible capital assets	(104,039)	(116,972)	(180,417)	(195,701)	(152,605)
Contributed tangible capital asset	(3,615)	(428)	-	-	-
Transfer from (to) tangible capital assets held for sale	(2,759)	(6,791)	7,007	700	734
Amortization of tangible capital assets	82,301	85,944	73,489	67,406	66,108
Loss (Gain) on sale of tangible capital assets	1,295	2,042	(1,598)	1,023	2,745
Proceeds on sale of tangible capital assets	2,850	5,127	2,951	334	625
Change in inventory	(41)	(415)	(1,021)	(394)	(948)
Change in deposit	-	-	-	-	-
Change in prepaid expenses	(3,664)	(1,669)	(4,256)	(591)	(633)
Change in net debt	44,156	14,501	(31,426)	(39,654)	(28,252)
Net financial assets (net debt), beginning of year	(85,343)	(99,844)	(68,418)	(28,764)	(512)
Net debt, end of year	\$ (41,187)	\$ (85,343)	\$ (99,844)	\$ (68,418)	\$ (28,764)

### NET LONG-TERM LIABILITIES

General municipal activities – capital projects	\$ 356,974	\$ 346,510	\$ 316,940	\$ 315,749	\$ 270,141
Per capita (\$)	\$ 778	\$ 755	\$ 708	\$ 703	\$ 605
Percentage of taxable assessment	0.6%	0.7%	0.6%	0.7%	0.6%

### ANNUAL REPAYMENT LIMIT

25% of own source revenues	\$ 153,945	\$ 150,437	\$ 146,319	\$ 145,517	\$ 141,834
Debt payments (interest and principal)	\$ 41,306	\$ 42,564	\$ 39,077	\$ 39,271	\$ 36,326
Per capita (\$)	\$ 85	\$ 93	\$ 87	\$ 87	\$ 81
Annual repayment limit	\$ 112,639	\$ 107,873	\$ 107,242	\$ 106,260	\$ 105,552
Percentage of debt to general expenses	4.4%	4.8%	4.6%	4.6%	4.5%



# THE REGIONAL MUNICIPALITY OF NIAGARA

## FIVE YEAR STATISTICAL REVIEW

December 31, 2018, with comparative information for 2018-2014 (Unaudited - In thousands of dollars)

	2018	2017	2016	2015	2014
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>					
<b>FINANCIAL ASSETS</b>					
Cash	\$ 106,902	\$ 143,765	\$ 102,524	\$ 168,521	\$ 131,831
Investments	585,420	480,130	438,585	402,792	421,472
Accounts receivable	80,713	78,582	84,647	92,162	69,566
Other current assets	329	212	269	164	2,474
Tangible capital assets held for sale	756	3,515	10,307	3,300	-
Debt recoverable from others	305,684	285,412	262,552	251,899	220,971
<b>Total financial assets</b>	<b>1,079,804</b>	<b>991,616</b>	<b>898,884</b>	<b>918,838</b>	<b>846,314</b>
<b>FINANCIAL LIABILITIES</b>					
Accounts payable and accrued liabilities	114,195	122,221	124,811	134,151	113,560
Employee future benefits and post-employment liabilities	104,421	101,403	101,064	98,752	94,677
Deferred revenue	178,320	142,222	113,000	106,656	109,834
Landfill closure and post-closure liability	61,397	79,191	80,361	79,849	65,895
Contaminated sites liability	-	-	-	200	-
Long-term liabilities	662,658	631,922	579,492	567,648	491,112
<b>Total financial liabilities</b>	<b>1,120,991</b>	<b>1,076,959</b>	<b>998,728</b>	<b>987,256</b>	<b>875,078</b>
<b>Net debt</b>	<b>(41,187)</b>	<b>(85,343)</b>	<b>(99,844)</b>	<b>(68,418)</b>	<b>(28,764)</b>
<b>NON-FINANCIAL ASSETS</b>					
Tangible capital assets	1,755,117	1,731,150	1,700,072	1,601,504	1,475,266
Inventory	7,360	7,319	6,905	5,884	5,490
Prepaid expenses	20,836	17,171	15,502	11,246	10,655
<b>Total non-financial assets</b>	<b>1,783,313</b>	<b>1,755,640</b>	<b>1,722,479</b>	<b>1,618,634</b>	<b>1,491,411</b>
<b>Accumulated surplus</b>	<b>\$ 1,742,126</b>	<b>\$ 1,670,298</b>	<b>\$ 1,622,635</b>	<b>\$ 1,550,216</b>	<b>\$ 1,462,647</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## FIVE YEAR STATISTICAL REVIEW

December 31, 2018, with comparative information for 2018-2014 (Unaudited - In thousands of dollars)

	2018	2017	2016	2015	2014
<b>CONSOLIDATED STATEMENTS OF OPERATIONS</b>					
<b>REVENUES BY SOURCE</b>					
Property taxpayer	\$ 363,304	\$ 350,157	\$ 339,835	\$ 331,661	\$ 327,202
Sewer charges	69,390	68,079	67,047	67,273	66,143
Water charges	43,883	42,150	42,929	41,851	41,205
Waste management	48,181	53,113	48,827	48,030	47,407
User charges	55,187	53,877	52,732	52,060	50,463
Government of Canada grants	24,985	25,915	25,740	41,701	33,468
Province of Ontario grants	322,020	294,769	284,831	278,554	252,379
Other municipalities	608	1,967	785	2,052	3,290
Development charges	13,285	11,761	16,923	17,236	5,227
Developer contributions	-	-	-	-	200
Investment income	16,613	15,993	13,973	13,751	13,586
Court services	7,336	6,812	7,823	7,989	8,537
Miscellaneous income/other	14,337	9,952	13,709	17,971	16,218
<b>Total revenue by source</b>	<b>979,129</b>	<b>934,545</b>	<b>915,154</b>	<b>920,129</b>	<b>865,325</b>
<b>EXPENSE BY FUNCTION</b>					
General Government	43,507	42,100	41,150	34,155	34,523
Protection to persons and property	189,911	185,360	179,017	175,013	170,285
Transportation services	66,063	63,688	54,190	57,820	56,989
Environmental services	123,780	143,508	132,062	147,116	145,767
Health services	98,499	92,751	90,860	86,034	82,849
Social and family services	297,976	279,678	271,524	263,935	252,667
Social housing	64,095	67,130	62,571	59,677	58,924
Planning and development	23,470	12,667	11,361	8,810	7,599
<b>Total expenses by function</b>	<b>907,301</b>	<b>886,882</b>	<b>842,735</b>	<b>832,560</b>	<b>809,603</b>
Annual Surplus	71,818	47,663	72,419	87,569	55,722
Accumulated surplus, beginning of year	1,670,298	1,622,635	1,550,216	1,462,647	1,406,925
<b>Accumulated surplus, end of year</b>	<b>\$ 1,742,126</b>	<b>\$ 1,670,298</b>	<b>\$ 1,622,635</b>	<b>\$ 1,550,216</b>	<b>\$ 1,462,647</b>
<b>ANALYSIS OF EXPENSES BY OBJECT</b>					
Salaries, wages and employee benefits	\$ 404,050	\$ 388,360	\$ 381,888	\$ 372,591	\$ 364,412
Operating expenses	243,856	241,619	225,441	235,935	230,445
External transfers to others	163,879	158,209	149,181	144,602	136,421
Debt services	13,215	12,750	12,736	12,027	11,217
Amortization	82,301	85,944	73,489	67,405	66,108
<b>Total expenses by object</b>	<b>\$ 907,301</b>	<b>\$ 886,882</b>	<b>\$ 842,735</b>	<b>\$ 832,560</b>	<b>\$ 809,603</b>

2018 Annual  
Financial Report  
For the year ended December 31, 2018  
Niagara Region | Ontario Canada  
[niagararegion.ca](http://niagararegion.ca)

