

# 2019

## ANNUAL FINANCIAL REPORT

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# INTRODUCTION

Spring day at the Floral Showhouse  
Niagara Region, Ontario Canada

Prepared by Corporate Services  
Department and the office of the  
Chief Administration Officer





# PURPOSE

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The Niagara Region's annual report provides an opportunity to reflect and highlight on some of the accomplishments during the year. As well as providing transparent financial information to taxpayers regarding the use of financial resources entrusted by the Niagara Region for the purpose of providing municipal services and infrastructure.

## Vision

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

## Mission

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

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Top: St. John's Conservation Area in Fonthill.

## Values

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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

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## 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. This role 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  
Commissioner of Public Works

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 Corporate Services,  
Treasurer



**Rino Mostacci**  
Commissioner of Planning and  
Development Services

## Office of the Chief Administrative Officer

- Corporate Services
- 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**  
Chair: Cathy Hickson  
Vice-Chair: Heather Salter
- **Police Services Board**  
Chair: Kenneth Gansel  
Vice Chair: Bill Steele
- **Niagara Peninsula Conservation Authority**  
Chair: Brenda Johnson  
Vice Chair: Bruce MacKenzie
- **Niagara Regional Housing**  
Chair: Walter Sendzik  
Vice Chair: James Hyatt

## 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**  
Marsh Canada Limited
- **Banker**  
The Royal Bank of Canada





Message from

# JIM BRADLEY, NIAGARA REGIONAL CHAIR

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Last year in this report I spoke about our Council's mandate to set Niagara on a course for future success, and I am proud of the progress made in just one short year. Each day we move closer to our vision of a community that is prosperous, safe and inclusive while embracing what makes Niagara special and promoting a high quality of life.

2019 brought a new set of strategic priorities that will guide Council in our mission to provide residents with the responsible and effective services they have come to expect from the Niagara Region.

Our plans to support business development and further economic growth are bolstered by a long-term economic development strategy and the Niagara Official Plan. The documents will help market the region as well as map out the strategy for how we manage growth and development in Niagara.

We made steps to foster a healthy and vibrant community by supporting long-term care redevelopment – we must adapt to best practices in our seniors homes as our population continues to age. Council also continues to advance the Regional Affordable Housing Strategy through the Housing and Homelessness Action plan and work to secure investments in affordable housing developments so all residents can have the opportunity to live and grow in our community.

With further Go Train service expansion, including a separate levy for transportation, we continue to promote connectedness with the Greater Toronto and Hamilton Area as a way to facilitate job growth and invite more tourists to enjoy all of the wonder that Niagara has to offer.

Not just focused on moving outside the region however, we need to safely transport residents within Niagara with responsible growth and infrastructure planning. Inter municipal transit continues to be a focus and we invested in greater services for waste management so the region can be enjoyed for generations to come.

In 2019 we explored more ways that we can innovate and do business differently. Niagara Region strives to be a sustainable and engaging government. One that can increase two-way communication between Niagara Region and the public to improve service and identify opportunities to repurpose funds towards the replacement of infrastructure that will better serve our residents needs.

At the end of 2019, the global community faced an immediate danger with the spread of coronavirus (COVID-19). While we do not yet know how long, or what the total impact of this health crisis will be, Niagara Region will continue to meet each challenge head on and support our community in every way we can.

Regional Council will continue to collaborate with residents, businesses and community partners to make Niagara a place where residents are happy to live, work and play for life.

Jim Bradley  
Niagara Regional Chair

# WHERE ARE WE?

Niagara offers our residents a mix of urban and rural living amidst the lush Southern Ontario greenbelt. Residents and visitors to the region enjoy celebrated events such as the Niagara Wine Festival in St. Catharines, Canal Days in Port Colborne or our New Years Celebration in Niagara Falls. The region is home to an abundance of culture, from museums to art galleries and highly revered restaurants. The Shaw Festival in Niagara-on-the-Lake presents world-class plays each year and has grown to become a significant Canadian cultural icon.

The Niagara Region is always looking for ways to improve our services and infrastructure to serve residents better. Recently we have invested in new Community Safety Zones to improve the flow of traffic around schools and ensure the safety of our young people. In 2019, we broke ground on a new state-of-the-art police facility in downtown St. Catharines and we are excited to continue the redevelopment process on two long-term care homes in Niagara.

Our proximity to Toronto and the United States has been an integral part of our economic evolution. Our industries include manufacturing, tourism, agriculture, and agribusiness, transportation and logistics and emerging sectors such as new media, green technology and bioscience. As we grow, we continue our regional mandate to move transit forward, with significant investment into GO transit to connect our communities to the Greater Toronto and Hamilton Area and share all the amazing things Niagara has to offer. This is where we are - and we are passionate about Niagara. The population is growing, 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. We hope to continue on this path as we strive to act as a sustainable and engaging government.



From top: Niagara Icewine Festival, Launch of a Community Safe Zone at Twenty Valley Public school in Lincoln and soybeans growing in a field in Wainfleet.





# WHERE ARE WE GOING?

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Regional Council proudly released its new Strategic Plan in 2019 and the Niagara Region is excited for what is in store in 2020 and beyond. This document will guide staff and council as we plan for a prosperous and sustainable future. By serving our residents, businesses and tourists through collaborative leadership, with responsible policy and the provision of effective and efficient community-focused services, we can achieve our goal of a prosperous, safe and inclusive community that embraces natural spaces and promotes a high quality of life. We also are continuing to execute 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 are 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.



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From top: Niagara Falls Wastewater Treatment plant, Niagara Falls GO train station.

This includes for example, the extensive work that has been completed to bring a new wastewater treatment plan to Niagara Falls, with a large-scale environmental assessment and conceptual design already underway. Community growth has a huge impact on water supply and delivery. It is up to us to determine how best to meet Niagara's growing needs and ensure water and wastewater infrastructure accurately reflects this. As we continue to work towards achieving our Niagara Region vision, staff and Council are investing in service improvements that will affect our residents from birth to old age. With successful community capital builds providing additional child care spaces in five of our municipalities and new long-term care home enhancements on their way, there is so much to be excited about with where we are going.

# TWO-TIER GOVERNMENT SYSTEM

Along with the 12 local area municipalities in Niagara, the Niagara Region is part of a two-tier government structure. Since 1970, the Niagara Region has served as the upper tier while each of the local municipalities administer local programs and services. Services like regional transportation or infrastructure move between local boundaries and a two-tier government allows for coordinated growth. This collaboration and partnership between the two-tiers can ensure service delivery across jurisdictions is efficient and takes into account the many voices that make up Niagara.

# 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 residents from birth to old age, which includes 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.

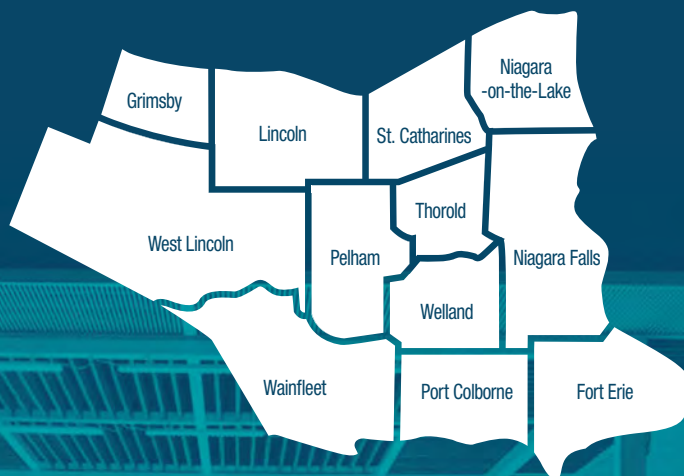
NIAGARA REGION'S  
POPULATION IS APPROXIMATELY  
**480,000**

**12** LOCAL AREA  
MUNICIPALITIES

MEDIAN AGE WOULD BE  
**46 YEARS**

AFTER TAXES,  
THE MEDIAN FAMILY  
INCOME WOULD BE  
**\$72,105**

Source: Statistics Canada



International Plaza,  
Niagara Region Headquarters





## Niagara Regional Council

Niagara Regional Council acts as the final decision-making body for Niagara Region and serves as the Board of Health. The Council consists of a Regional Chair, the mayors of all 12 Niagara Regional municipalities, and 18 additional Regional Councillors elected to represent the various municipalities. All councillors hold office until November 14, 2022.



## Transportation Services

Provides a reliable, consistent, safe and cost-effective transportation network for all users and stakeholders across Niagara. The Transportation Division is responsible for the planning, design, implementation, operation and maintenance of the 750 centre lane kilometre regional road network. The Niagara Region has also invested in the expansion of transit services that connect people to schools and jobs while strengthening our community.



## Waste Management

We provide quality waste management services to meet the growing needs of the Niagara Region. 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

Water and Wastewater provides safe drinking water to 11 municipalities across Niagara, and practices good resource stewardship. The division operates and maintains: six water treatment plants, 21 remote water storage facilities, seven dedicated chlorine facilities, seven dedicated water pumping stations, 312 kilometres of trunk water mains, 11 wastewater treatment plants, one biosolids facility, 113 pumping stations, five odour control stations, one high rate treatment facility, 12 combined sewer overflow tanks, 161 kilometres of forcemain and 145 kilometres of gravity sewers.





## Public Health and Emergency Services

We are committed to building one of the healthiest communities in Canada by providing public health programs which prevent illness and injury, emergency health services for those calling 911, and community-based clinical services that expand access to care.



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 and mental health programs.

## Community 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 Niagara Region 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 covering Children's Services, Homelessness Services and Community Engagement, Senior Services and Social Assistance and Employment Opportunities.



## 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 Region to ensure future development is sustainable, healthy, economical, and supports prosperity. The planning and development department is broken down into three divisions; Development Services, Community and Long Range Planning and Infrastructure Planning and Development Engineering.



## Niagara Regional Housing

Niagara Regional Housing is responsible for the administration of Community Housing across the Niagara Region and is dedicated to improving lives and building healthy communities through a combination of programs and services. These services include public housing, non-profit and co-operative housing, community programs, new development, rent supplement and temporary housing allowances in private buildings. Some of Niagara Regional Housing's program offerings include Niagara Renovates, Housing First, and the Welcome Home Niagara Homeownership Program.



## Niagara Regional Police Service

The Niagara Regional Police Service provides policing and public safety services to all of Niagara's residents as well as approximately 13 million visitors annually. The Niagara Region Police Service aims to provide quality-policing services, with integrity.



## Niagara Peninsula Conservation Authority

Niagara Peninsula Conservation Authority serves approximately half a million people and covers an area of over 2,430 square kilometres covering the region, 21 per cent of the City of Hamilton and 25 per cent of Haldimand County. The driving force behind the Conservation Authority movement is its land stewardship focus and involvement with water programs.



## Provincial Offences Court, Niagara Region Courts

Niagara Region administers the Provincial Offences Court on behalf of the 12 local area municipalities. Niagara Region's staff are responsible for setting trials, prosecuting certain provincial offences, recording court proceedings, and receiving fine payments resulting from charges laid by the various police forces and enforcement agencies operating within the region. Niagara Region enforces the decisions of the court by pursuing collection of unpaid Provincial Offences fines.

# COUNCIL STRATEGIC PRIORITIES 2019-2022

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## **Supporting Businesses And Economic Growth**

A coordinated approach to fostering economic growth in Niagara

## **Healthy and Vibrant Community**

Foster a high quality of life through safe, healthy and inclusive neighbourhoods through the delivery of quality, affordable and accessible human services

## **Responsible Growth and Infrastructure Planning**


Sustainable investments in transportation, transit and infrastructure, while aligning infrastructure planning with the reservation of the natural environment

## **Sustainable and Engaging Government**

A commitment to high quality, efficient, fiscally sustainable and coordinated core services through enhanced communication, partnerships and collaborations with the community

Escarpment view of Niagara





**55.46 BILLION**  
**LITRES OF WATER TREATED**  
by the Water and Waste Water Division



**8 LONG TERM CARE HOMES**  
all awarded Registered Nurses' Association of Ontario (RNAO) Best Practice Spotlight Organization



**\$2.38 BILLION**  
INVESTED IN NEW CONSTRUCTION  
the highest ever on record



**14 NEW NIAGARA REGIONAL TRANSIT BUSES**  
to meet fleet requirements and service expansion



**\$14 MILLION**  
in private sector investment



**13,901**  
PUBLIC HEALTH INSPECTIONS



**NIAGARA REGIONAL HOUSING** This includes approximately 200 units with affordable (80% market) and market rents across Niagara  
Operated and managed  
**2,842 UNITS**




**750 KM**  
OF CENTRE LANE  
ROADS MAINTAINED



**13 MILLION**  
ANNUAL VISITORS  
to NIAGARA



**83%** of Housing First and Home for Good clients  
ENTERED STABLE  
HOUSING AT 6 MONTHS



**31,009 DENTAL SCREENINGS**  
2018/19 school year (JK – Grade 8)



**71,932 TONNES**  
of blue box recyclables  
processed



**YEAR-ROUND GO TRAIN SERVICES ANNOUNCED**




**2,583 SENIORS**  
served through Seniors Community Programs



**5.8%** **UNEMPLOYMENT RATE**  
continued to improve as more opportunities created



**6 WATER TREATMENT PLANTS**



**11 WASTE WATER TREATMENT PLANTS**



**23,989 VACCINES**  
administered



**192,278 TONNES**  
total garbage  
tonnes landfilled



**25 EarlyOn CENTRES SUPPORTED**  
(as of April 28, 2020)





# ACHIEVEMENTS

Welding at Handling Specialty  
in Grimsby

# SUPPORTING BUSINESSES AND ECONOMIC GROWTH

Throughout 2019 Niagara has continued to experience new heights of economic growth. In 2019, Niagara Region received seven applications through its Industrial Development Charge Grant program, which will support over \$14 million in new private sector investment and create approximately 114 new jobs.

Additionally, our Economic Development division generated 152 pre-qualified leads and hosted three major delegations visit from Czech Republic, Latvia and India. The team built on existing relationships with U.S., U.K. and Germany with a focus on manufacturing and agribusiness sectors for inward investment.

Promotion of the Niagara Foreign Trade Zone designation through a single contact point, resulted in over 100 companies taking advantage of federal exporting programs. The Niagara Gateway Economic Zone and Centre Community Improvement Plan provides tax increment-based grants to companies that are making significant investments and creating and/or retaining jobs in our community. In 2019, Niagara Region approved four Gateway applications to support \$23.1 million in new investment, create approximately 104 new jobs, and retain 32 existing jobs.

The Economic Development division tracks economic indicators to report on the performance of the regional economy. This research revealed in 2019 businesses invested in record values in Niagara and that potential for investment in the future remains strong. Some key findings were non-residential building permit values totalled \$401.4 million – a 33 per cent increase over 2018, and an 80 per cent increase since 2016.

The most impressive finding for 2019 was total investment in new building construction, which was \$2.382 billion, the highest it has even been on record.

To plan for continued growth, we supported capital builds of additional child care spaces in Fort Erie, Fonthill, Grimsby, Niagara-on-the-Lake and St. Catharines. By joining with the Lundy's Lane working group, we partnered directly with local business along the Lundy's Lane corridor to engage agencies and business early during our wastewater infrastructure planning. This improved any approval times and kept stakeholders informed.



From top: Tourism at Clifton Hill in Niagara Falls, Members of Indian business delegation visiting Niagara Region.



# HEALTHY AND VIBRANT COMMUNITY

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As we grow, it is vital that we foster safe, healthy and inclusive neighbourhoods that can provide a home to everyone who wants one. We want to ensure that our services are affordable, accessible and robust. In order to meet the high standard of quality that our residents expect, we continue to work with the community to improve the quality of living for all who call Niagara home.

Focusing our efforts on the most vulnerable users of our transportation system, pedestrians, school children, older adults and cyclists, two community safety zones were regulated in late 2019 at two school locations within the region, with more planned to come in the future. Reducing serious injuries in Niagara's streets is a major commitment the Niagara Region has made to ensure everyone can safely enjoy our communities.

In 2019, Niagara was announced as one of the nine new communities accepted to participate in Built for Zero Canada. Built for Zero is a national organization dedicated to helping ambitious, leading communities work toward an end to chronic homelessness. In our continued effort to meet the challenge of homelessness, Niagara Region Council approved the five-year review and update to Niagara's 10-Year Housing and Homelessness Action Plan. Input for this update was gathered from across the entire region and reflect how our local housing market has changed along with the increased demand for emergency shelter and community housing.



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From Top: Healthy, Safe and Strong exercise class for seniors, Flu vaccination at Niagara Region Flu Clinic.



Niagara Regional Housing was also instrumental in our continued response to meet the high demand for affordable housing. Nearly 100 units were added in St. Catharines, Welland and Thorold and through collaboration with community partner Stamford Kiwanis we brought 17 units into Niagara Falls. Niagara Regional Housing, along with community partners, also worked to hire, train and mentor at-risk youth to prepare housing units for new tenants. Working alongside social service worker students from Niagara College, activities and life skills workshops were brought to a community with vulnerable tenants experiencing mental health and addiction issues. The contributions from Niagara Regional Housing in 2019 made a significant impact on making our communities more healthy and vibrant for some of our most vulnerable.

We also continued to partner with communities to improve the quality of life for children and families, by reconfiguring and enhancing the EarlyOn Child and Family Centres. Working with providers, we continue to adjust hours of service where appropriate and ensure locations are utilized properly and located conveniently for residents.

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From Left: Emergency Health Services dispatch, newly completed Niagara Regional Housing building at Roach Avenue in Welland, Resident at Gilmore Lodge enjoying the innovative ABBY machine.

In 2019, Emergency Medical Services continued to expand the range of options for 911 callers to better serve their health needs, while improving the speed of response to those with time-critical emergencies. As part of the system transformation, Emergency Communication Nurses were added to the Niagara Emergency Medical Services dispatch centre. The first of its kind in Canada, this nurse can give advice and provide appropriate care options for non-emergency patients. The system transformation works to provide Niagara residents the right care, at the right time, in the right place, by the right provider.

The Niagara Region's long-term care homes were also recognized in 2019 with the designation of Best Practice Spotlight Organization for their commitment in implementing and evaluating Registered Nurses Association of Ontario best practice guidelines. Niagara's population is aging at a rate faster than most other areas throughout Ontario and we continue to respond to that challenge by offering the highest quality of care in each of our homes. In 2019, Council approved levy funding for the redevelopment of long-term care homes in Fort Erie and St. Catharines that will allow us to continue to meet the needs of residents. We are excited to see how our vibrant seniors communities can continue to thrive in Niagara with this welcome infrastructure improvement at our long-term care homes.



# RESPONSIBLE GROWTH AND INFRASTRUCTURE PLANNING

In 2019 we continued our efforts to connect everything Niagara has to offer to the Greater Toronto and Hamilton Area with a historic 1.4 per cent separate levy specifically for transit. This investment will allow us to ensure inter-municipal transit and GO expansion continue on schedule as we work towards a full complement of GO Train service for Niagara in the future. We are proud of the continued development of our Niagara Specialized Transit system. Our specialized transit study allowed us to learn how we can better serve Niagara Specialized Transit customers and led us to add a new transfer hub at Stoney Creek. With 14 new buses being added to meet Niagara Region Transit fleet requirements and service expansion, the future is looking bright for our connectedness in Niagara.

Our Public Health staff opened a new 21,500 sq. ft. Public Health and Sexual Health office in Niagara Falls in 2019. The office is located across from the MacBain Community Centre, in a rapidly growing area of Niagara Falls accessible by both car and transit. The new space is three times larger than the previous location and allows for more programs and services to be offered in one location, including dental clinics, vaccine clinics, tick identification, STI testing and mental health program – which were previously offered across multiple locations.



From top: Reece Bridge replacement in West Lincoln, Niagara Specialized Transit van and driver, Public Health and Sexual Health office ribbon cutting.



We also expanded our infrastructure throughout Niagara, making significant connections across St. Catharines on Martindale Road, replacing Reece Bridge linking West Lincoln and St. Catharines and awarding a contract for the Thorold Stone Road extension in Niagara Falls.

Part of what makes Niagara special is our rich natural landscape, and it's also part of why we attract so many visitors each year. In 2019 we took steps to ensure that our environment in Niagara would be preserved so that it can be enjoyed for generations to come. We undertook environmental assessments for the Bender Hill Sewage Pumping Station, a critical station serving a main Niagara Falls area, and for a new south Niagara Falls wastewater treatment plant. The successful completion of these assessments will allow us to inform the public of coming improvements and guarantee that as we plan for new infrastructure, we continue to account for our environmental impact.



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From top: ground breaking for the Niagara Regional Police Service District Facility in St. Catharines, new cell at Niagara Road 12 Waste Management Facility in West Lincoln, New Public Health and Sexual Health office in Niagara Falls.





# SUSTAINABLE AND ENGAGING GOVERNMENT

In our commitment to providing the highest quality service possible to Niagara residents, we also want to ensure we are transparent and fiscally responsible on behalf of the taxpayer. Last year we made efforts to engage and communicate with the public our government's plans across all facets of our organization. With over 50 surveys promoted throughout our organization and a number of public information centres, we hope that our efforts in 2019, and beyond, continue to reflect the goals of our communities.

We explored new avenues for engagement, by completing two Facebook Live streaming events where the public could hear firsthand from consultants and Niagara Regional staff how we plan to implement a new wastewater plant in south Niagara Falls. In partnership with the Ontario Clean Water Agency and local municipalities, Niagara Regional staff also engaged the public in our "I Don't Flush" campaign around how we as citizens of Niagara can impact our wastewater systems and the environment for the better. Also, in continuing our efforts on the Niagara Region Official Plan, we held several public information centres where residents could learn more about how we are planning for responsible growth as far ahead as 2041.

The staff at the Niagara Region are residents with similar wants and needs as anyone who calls Niagara home. Through extensive engagement with our own staff, we learned more about how we can improve Niagara Region practices and find efficiencies to improve service delivery across the organization. 2019 also saw the Niagara Region embrace a more inclusive environment, not just in the workplace but also in our communities. We continue to work towards a Global Niagara that is open and connected to all people who wish to enjoy what Niagara has to offer.



From top: public consultation at an Official Plan public information centre, Public consultation for the Glendale District Plan, Regional Chair Jim Bradley speaking at the Niagara Regional Housing Carlton Street opening in St. Catharines.



# SUPPORTING OUR COMMUNITY



United Way Barbecue Kick Off





## Regional Chair's Golf Tournament

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Through the very generous support of last year's sponsors and participants, the 22nd Annual Niagara Regional Chair's Charity Golf Tournament was able to contribute to the efforts of the Education Foundation and Hotel Dieu Shaver. Nearly \$100,000 was raised through the tournament and together, with the help of generous local sponsors, we are approaching \$2 million in donations raised for charities in Niagara.

## United Way

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Including monies raised through the Regional Chair's golf tournament, Niagara Regional employees raised \$210,000 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 the region that help create safe and inclusive communities for all of Niagara.



From top: player at the Niagara Regional Chair's Golf Tournament, Regional Chair Jim Bradley (centre) with friends of the Golf Tournament, United Way flag raising at Niagara Region Headquarters.

A large, wide waterfall cascading over a rocky ledge into a pool of water. The scene is bathed in a warm, golden-orange light, creating a soft, ethereal atmosphere. The water is in motion, with white foam at the base. The surrounding rocks are dark and textured.

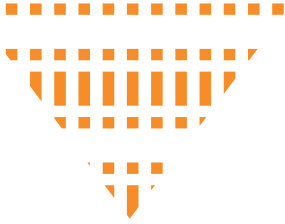
# REPORT FROM THE TREASURER



Waterfall at Morningstar Mill  
Niagara Region, Ontario Canada

Prepared by Corporate Services  
Department and the office of the  
Chief Administration Officer





# 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 the region's labour market were in line with the provincial and national averages, decreasing from 6.6% in the prior year to 5.8% in 2019.

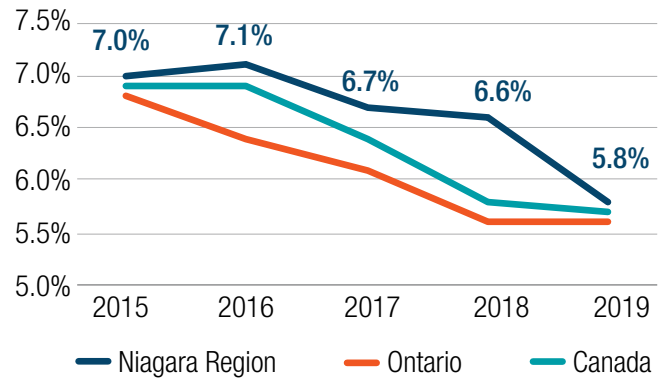
## Building Permits Issued

In 2019, the value of building permits issued totalled \$1,326 million, which was an increase of approximately \$261 million over the 2018 values of \$1,065 million. The government and institutional sector experienced the highest growth percentage of business permits issued, increasing 206.3% over 2018 with a 2019 value of \$69.7 million (2018 - \$22.7 million). The largest amount of building permits issued continues to be the residential and agricultural sector with a total value of \$919.6 million in 2019 (2018 - \$763.8 million, which accounts for 69.4% (2018 - 71.7%) of total building permits issued.

## Housing Starts

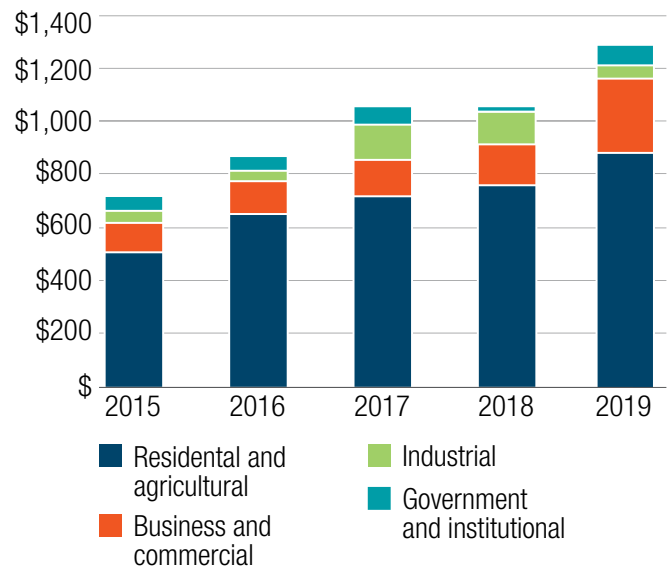
The region saw a significant increase (31.9% over 2018) in housing starts during the year. In 2019, there was a total of 3,077 housing starts in Niagara.

## Unemployment Rates (%)

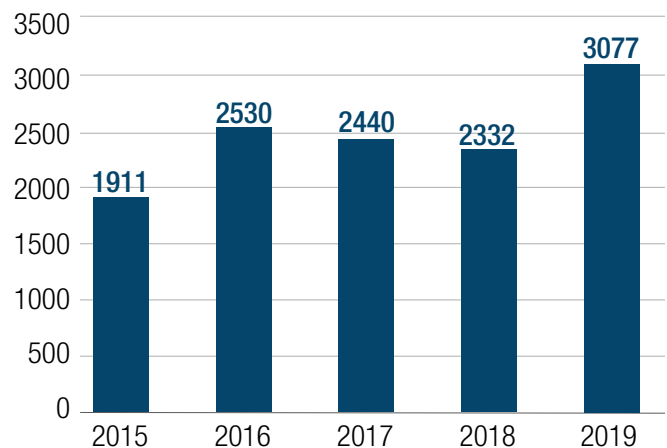


## Value of Building Permits Issued

(In millions of dollars)



## Housing Starts





# BUDGET AND TAXATION

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On February 28, 2019, Regional Council approved a 3.82 per cent increase, net of assessment growth, in Niagara Regional taxes, after Regional Council passed its 2019 tax supported operating budget with a tax levy of \$365.7 million and a capital budget of \$274 million. For the average household with a home assessed at \$267,711, the Regional portion of taxes increased by \$51 from 2018 to \$1,516.

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 per cent and 26 per cent per square foot less than other jurisdictions respectively<sup>1</sup>.

<sup>1</sup> BMA Management Consulting Inc., Municipal Study - 2019





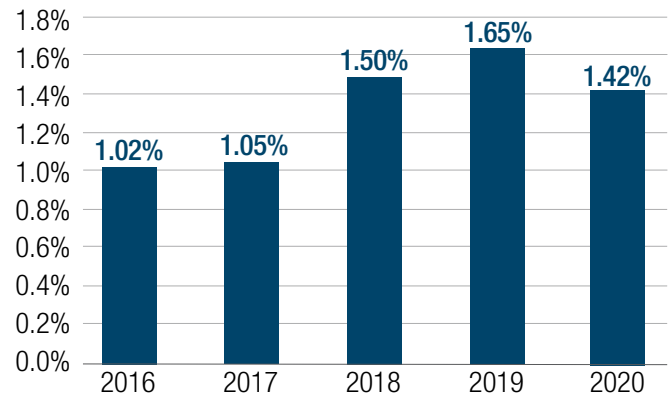
## Assessment Growth

Historical assessment growth, being the incremental property taxes paid as a result of an expanding region (new homes and businesses), through 2020 is presented to the right.

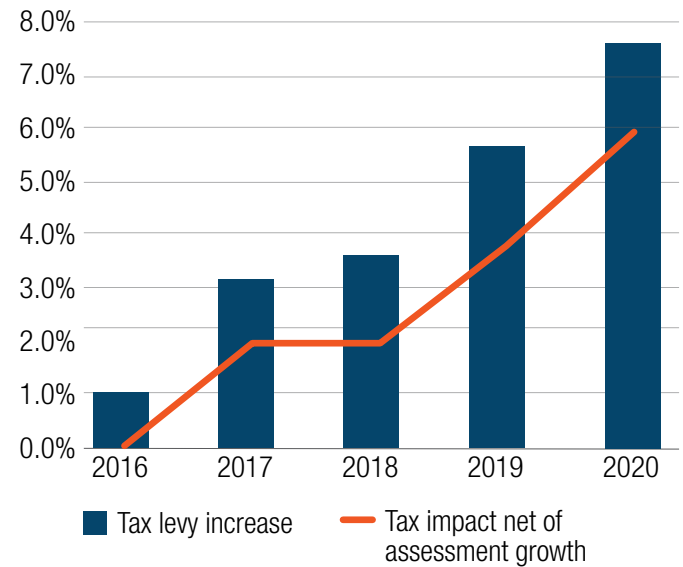
Assessment growth is tied to, but lags behind, building permit values. The increase in the value of building permits issued has resulted in the upward trend of assessment growth.

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 (%)

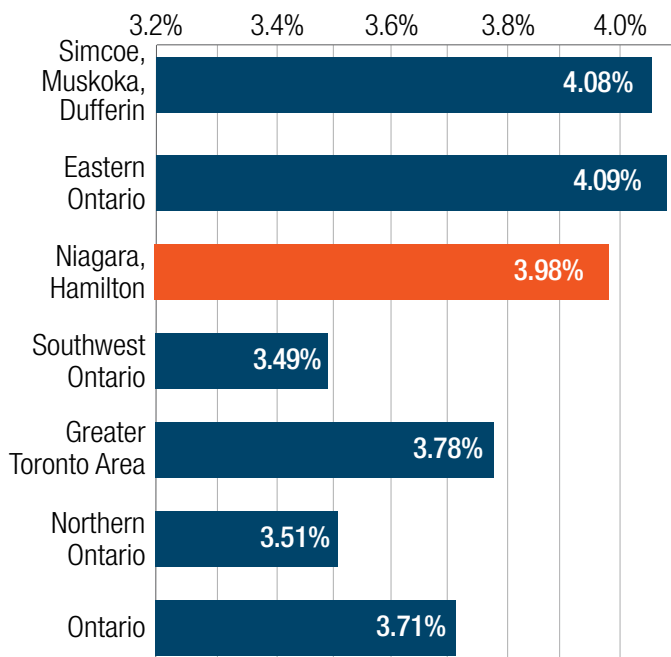


## Property Taxes as a Per cent of Household Income

As a measure of affordability for residents, property taxes as a percentage of household income have remained relatively unchanged, with a small decrease from 2018. In 2019, property taxes accounted for 3.98% of household income<sup>2</sup> (2018 – 4.00%), leaving Niagara Region slightly higher in comparison to other jurisdictions. This equates to property taxes of \$750 per capita<sup>3</sup>, increasing slightly over 2018 from \$744 per capita.

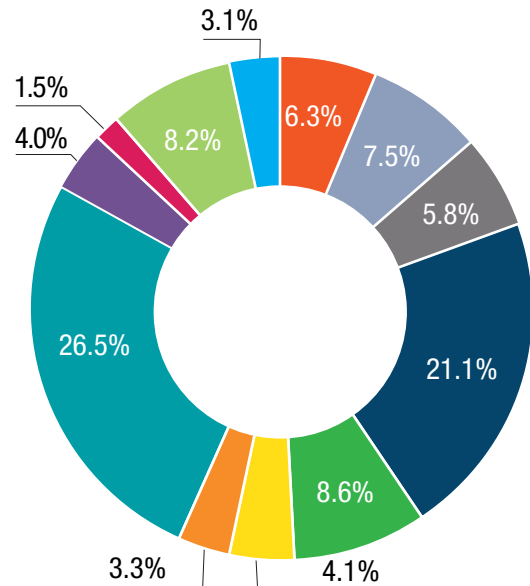
During 2019, the Niagara Region collected \$365.7 million in tax levy from the local area municipalities, excluding payments in lieu and supplemental taxes. A breakdown of the amount and percentage received from each of the local area municipalities is to the right.

## Property Taxes As Per Cent of Household Income (%)



## 2019 Taxation Requisition by Local Area Municipality

(in per cent and millions of dollars)



### In Millions of Dollars

Fort Erie	\$22.9	(6.3%)
Grimsby	27.4	(7.5%)
Lincoln	21.4	(5.8%)
Niagara Falls	77.2	(21.1%)
Niagara-on-the-Lake	31.5	(8.6%)
Pelham	15.2	(4.1%)
Port Colborne	11.9	(3.3%)
St. Catharines	97.1	(26.5%)
Thorold	14.5	(4.0%)
Wainfleet	5.5	(1.5%)
Welland	29.8	(8.2%)
West Lincoln	11.4	(3.1%)
<b>Total Requisition</b>	<b>\$365.7</b>	

<sup>2</sup> BMA Management Consulting Inc., Municipal Study – 2019

<sup>3</sup> 2018 FIR; Levy revenue/population; Levy revenue/households



# NIAGARA OUTLOOK AND TRENDS



## Aging Population

Niagara's median age is approximately five 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 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 country and province.



## Housing and Affordability

In 2019 Niagara Region embarked on a comprehensive analysis of its housing landscape. Called the Niagara Housing Statement, this groundbreaking work established a data-informed basis for analyzing housing scenarios across the region. With the assistance of Canadian Centre for Economic Analysis (CANCEA), Niagara Region is able to use detailed demographic, housing, and economic trends to determine core housing need and affordability. Among its uses, the information contained in the database will support the development of a Niagara Regional Housing Strategy, which will be implemented through the Housing and Homelessness Action Plan and the new Niagara Region Official Plan.



This initiative will also help inform the Niagara Region's review of incentives to developers, which aim to encourage construction by defraying some costs. While this analysis is ongoing, the purpose of the review is to ensure Niagara Regional incentives are sustainable and working to achieve and support Council strategic priorities.

## Population's Median Age

 Niagara Region  
**45.7 years** <sup>1</sup>

 Ontario  
**40.4 years** <sup>2</sup>


 Canada  
**40.8 years** <sup>2</sup>

Sources: Census <sup>1</sup> (2016)

Statistics Canada <sup>2</sup> (2019)

## Types of Households in Core Housing Need

 **20,000**  
Singles or roommates

 **3,254**  
Lone parents

 **286**  
Couples

 **271**  
Couples with children



## Governance and Sustainability

The Niagara Region undertook a service sustainability review of the Niagara Region operations in 2019. The scope of the service sustainability review was as follows:

- Will be consistent with the Niagara Region's objectives for fiscal responsibility, transparency, and sustainability
- Provide a better understanding of Niagara Region services; the rationale for service levels, delivery model, resource allocations and opportunities for efficiencies through collaboration with local area municipalities
- Provide a road map of opportunities for the cost reductions and capacity gains that would contribute to long term sustainability of Niagara Region operations



The review allowed the Niagara Region to develop service profiles which include benchmarks and key performance indicators. It also identified opportunities for cost reduction with six detailed business cases for future implementation consideration. Key themes of the review were:



- Discretionary services are more the exception than the rule with only 8 per cent of Niagara Regional services deemed discretionary
- The cost of services, while a valid concern, does not appear to be a significant issue with Niagara Region falling within the range of upper tier municipal comparators for most services
- Cost reductions have been underway prior to the service sustainability review
- Financial constraints have impacted service levels in certain areas
- Opportunities exist that can be pursued by Council



A final report of the outcomes, including service profiles, and recommendations for next steps is expected to be submitted to Council in 2020.





## Infrastructure

In 2019, Niagara Region Council adopted a new set of strategic priorities including Responsible Growth and Infrastructure Planning. The goal of this strategic priority will be to promote sustainable investments in transportation, transit and infrastructure, while aligning infrastructure planning with preservation of the natural environment.



Niagara Region approved the largest ever capital budget for 2020 and projected an even larger request for 2021. Continued capital investment will allow Niagara Region to target new infrastructure developments including the construction of two new long term care homes, construction related to the expansion of GO Transit into Niagara, residential builds within Niagara Regional Housing, upgrades to water and wastewater treatment plants as well as replacing some of Niagara Region's aging but vital infrastructure.



With the introduction of the Asset Management Office in 2019, Niagara Region will seek to make asset management part of the Niagara Region's business firstly by implementing decision-making based on corporate wide risk to ensure that approved projects deliver the best return and contribute to a long-range financial plan to maintain existing and new infrastructure.

## Climate Change

Climate change is creating increased risks for major weather events such as severe 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.

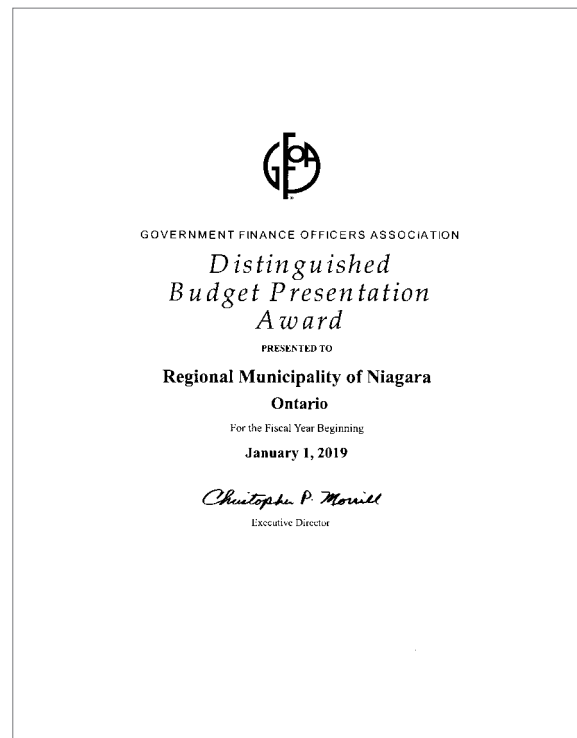
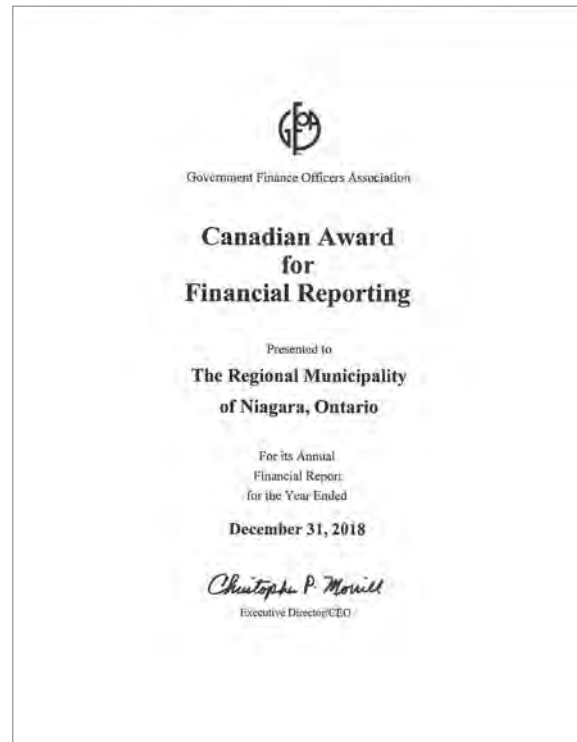


# CANADIAN AWARD FOR FINANCIAL REPORTING

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 fifteenth consecutive year, the GFOA presented Niagara Region with the Canadian Award for Financial Reporting for the Niagara Region's 2018 Annual Financial Report. To receive this 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 2019 Annual Report to the GFOA's 2019 award program. GFOA also presented Niagara Region with a Distinguished Budget Presentation Award for the 2019 Budget Plan. This award reflects the commitment of Regional Council, management and staff to meet the highest standards of government budgeting. This is the sixth time that Niagara Region has received the award and it represents a significant achievement.







# CONSOLIDATED FINANCIAL STATEMENT HIGHLIGHTS

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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 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 independent auditor provides an opinion on 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 relevant to the audit, 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 Highlights

The consolidated statement of financial position reports on Niagara Region's financial and non-financial assets, liabilities and accumulated surplus at December 31, 2019.

## 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.

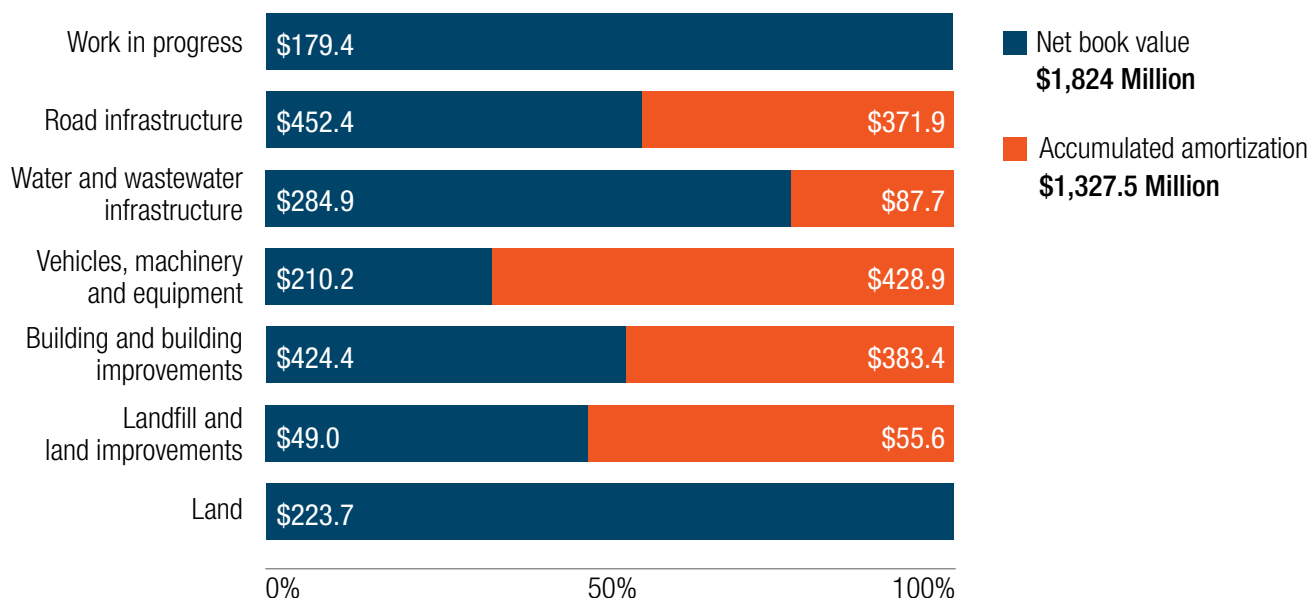
The net book value of tangible capital assets, as reported in the consolidated statement of financial position, is \$1.8 billion and is highlighted by the categories in the accompanying chart. Total historical costs are \$3.1 billion and the total accumulated amortization is \$1.3 billion, implying that 42.1 per cent of the estimated useful life of 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, Niagara Region acquired \$158 million (2018 - \$108 million) of tangible capital assets. The amortization expense, as reported in the statement of operations, amounts to \$87.2 million (2018 - \$82.3 million).

Project budgets, whereby tangible capital assets are constructed or acquired, are approved by Regional Council to ensure that the appropriate funding is in place. Once the funding is in place, tangible capital assets are acquired in compliance with the Niagara Region's financial policies.

## Tangible Capital Assets

Net Book Value and Amortization (in millions of dollars)





The Niagara Region's Capital Financing Policy is focused on ensuring long-term financial sustainability and flexibility while maintaining a strong credit rating and adherence to statutory requirements. Policy principles will be implemented over time to manage affordability associated with the transition period to financial sustainability. The intent of the Policy is to establish guidelines for Council and staff to effectively plan for the appropriate financial resources to deliver the growing needs of the Niagara Region's capital program and to identify optimal funding sources for these capital projects based on the scope of the project.

**Total request .....\$2,998 MILLION**

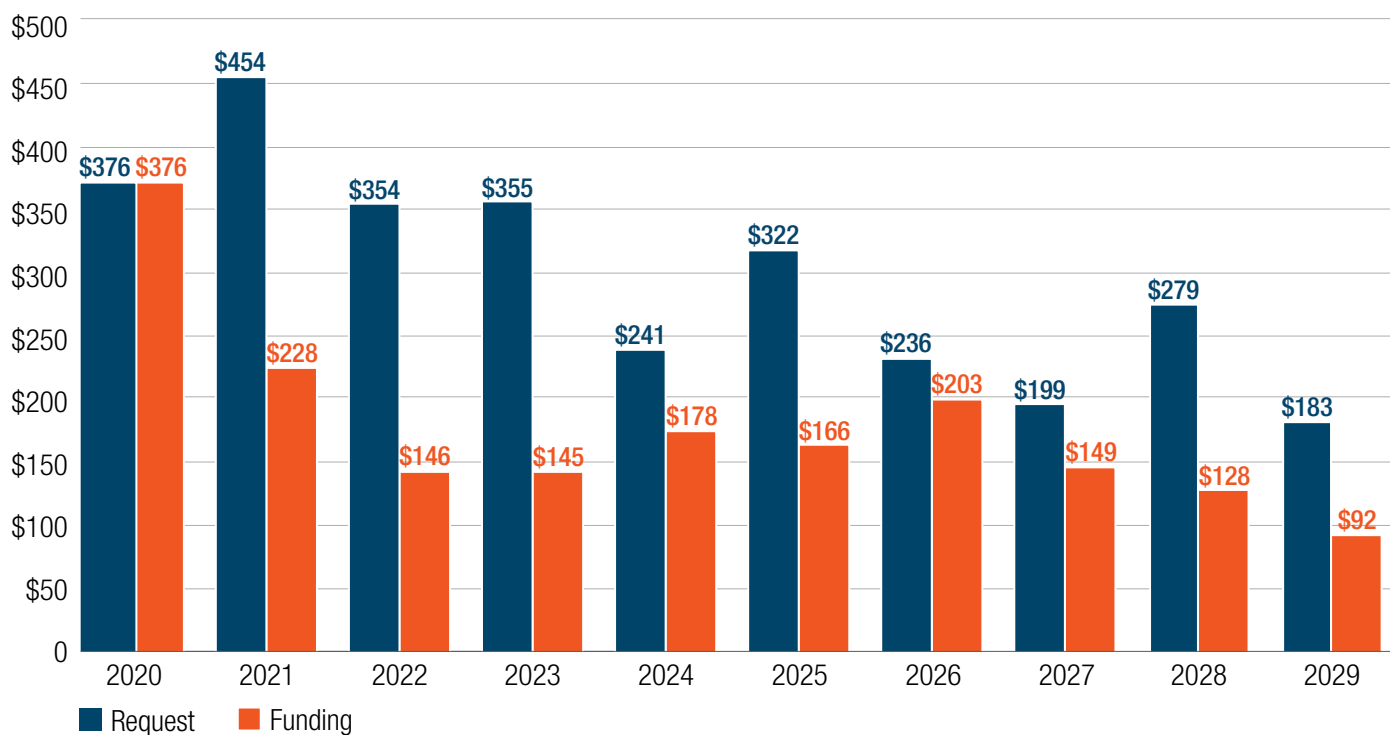
**Total funding .....\$1,810 MILLION**

**Funding gap .....\$1,188 MILLION**

The graph 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 indicates that a lower amount of the municipality's own source revenues are being used toward principal and debt repayments.

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 7.8% (2018 – 6.7%) at the end of 2019.

Niagara Region, by way of provincial legislation, also issues all debt on behalf of the 12 local area municipalities. The total debt recorded on the consolidated statement of financial position is \$696 million (2018 - \$663 million), which includes \$316 million (2018 - \$306 million) of debt recoverable from others. Debt recoverable from others accounts for 45.4% of the total debt recorded at the end of 2019 (2018 – 46.2%).

The debt attributed to Niagara Region (total debt less debt recoverable from others) is \$380 million or \$792 per resident, up from \$357 million or \$756 per resident in 2018. Niagara Region's debt charges (principal and interest) totalled \$49 million or 7.8% of own source revenue which is higher than the 2018 figures of \$41 million or 6.7% respectively. The increase in debt charges during the year is a result of the Niagara Region taking on a larger debt load during the year in relation to projects for Transportation, Public Health, Water and Wastewater, Niagara Regional Housing, Niagara Regional Police Services and local area municipalities.

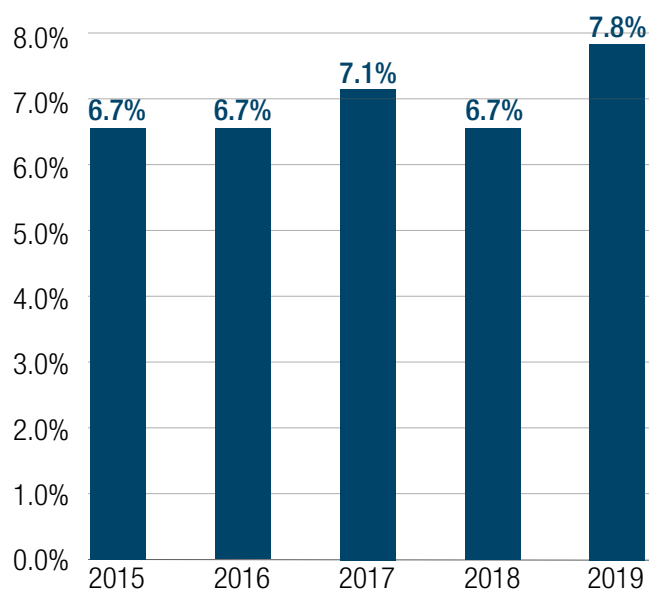
On October 8, 2019 S&P undertook a credit rating review and reaffirmed Niagara Region's stable "AA" rating. The stable rating is a reflection of Niagara Region's solid budgetary performance, strong financial management, as well as ample liquidity.

The credit agency's report noted that Niagara Region has shown increased focus on long-term strategic and financial planning, which is supported by its financial policies, disclosure and transparency in financial reporting are identified as good, with debt and liquidity management practices being considered prudent.

The report highlights that financial management is strong and institutions remain broadly supportive. However, in S&P's opinion, slow population growth and weak demographic trends result in a less favourable socioeconomic profile, which is a rating constraint. Having said that, S&P notes that "...the expansion of GO commuter train service in the region could increase the influx of younger people and start reversing these trends [less favourable socioeconomic profile]".

As a result of the trends identified by S&P, in the 2019 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 (PSAS) 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 2019, Niagara Region's net debt position increased from \$41.2 million to \$50.5 million. The Niagara Region's net debt is a result of all the financial activity that occurred in 2019 and means that the Region's financial liabilities exceed its financial assets. The increase in net debt is a result of additional debentures issued for infrastructure financing as well as higher balances of deferred revenue including development charges and gas tax.

## Accumulated Surplus

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

At December 31, 2019, Niagara Region's accumulated surplus balance is \$1.8 billion (2018 - \$1.7 billion). This consists of \$1.4 billion investment in tangible capital assets (2018 - \$1.4 billion), \$268 million (2018 - \$295 million) in reserves and \$271 million (2018 - \$226 million) in unexpended capital. These balances are offset by a \$11 million operating fund deficit (2018 - \$13 million) and \$169 million (2018 - \$165 million) in unfunded liabilities.

Niagara Region's reserves of \$268 million at December 31, 2019 are highlighted in the chart below by their designated purpose.

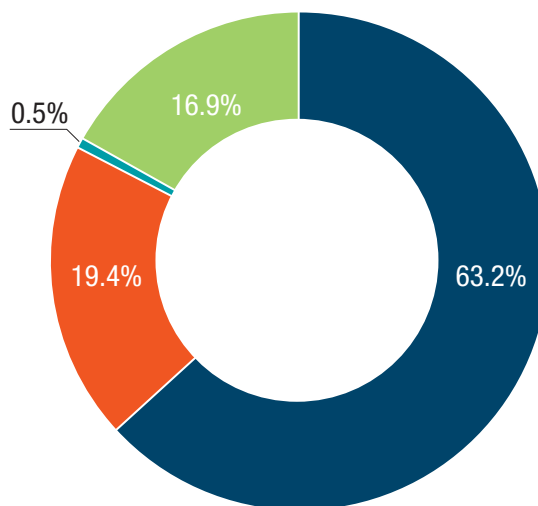
## Reserves

The accumulated surplus figured 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 Fund Policy. Reserves are to be used for specified purposes are categorized as capital reserves, stabilization reserves, specified contribution reserves and future liability reserves.

The Reserve and Reserve Fund Policy states minimum target balances for corporate stabilization funds to be 10% to 15% of gross budgeted expenditures. As of December 31, 2019, and taking into consideration Regional Council's approved year end transfer recommendation, the Niagara Region's Taxpayer Relief Stabilization Reserve and the Wastewater Stabilization Reserve are both underfunded. The Water Stabilization Reserve and Waste Management Stabilization Reserve are currently within the minimum target target balances noted above.

## Reserves

(In per cent and millions of dollars)

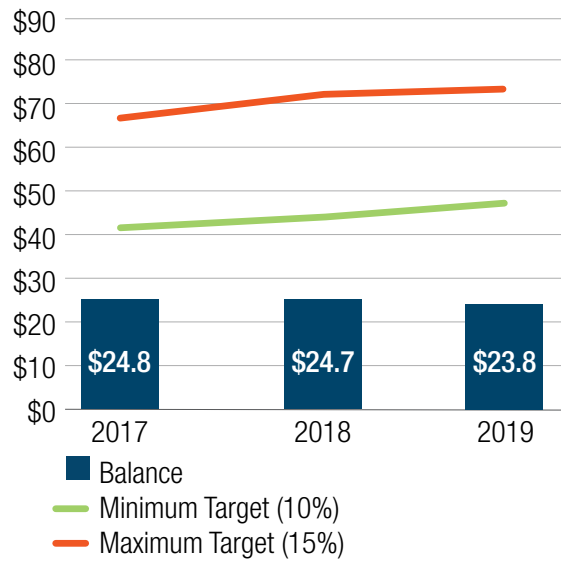


### In Millions of Dollars

Capital reserves	\$169.6	(63.2%)
Stabilization reserves	51.9	(19.4%)
Specified contribution reserves	1.4	(0.5%)
Future liability reserves	45.2	(16.9%)
<b>Total Reserves</b>	<b>\$268.1</b>	

## Tax Levy Stabilization\*

(In millions of dollars)

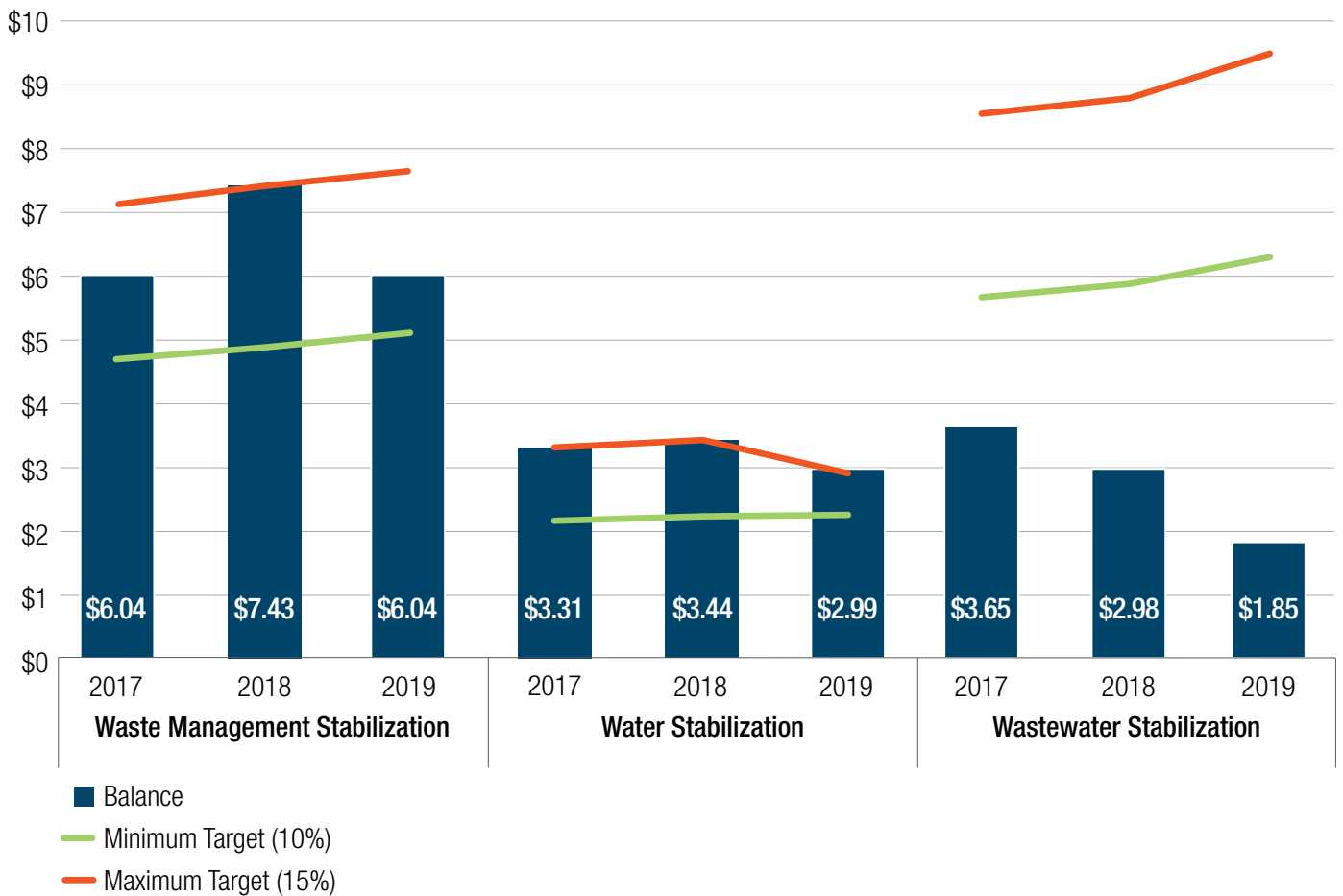


**At December 31, 2019 the Tax Levy Stabilization Reserve is underfunded by a range of \$32 to \$60 million.**

\*Taxpayer Relief Reserve

## Waste Management, Water and Wastewater Stabilization Reserve Balances

(In millions of dollars)



# Consolidated Statement of Operations Highlights

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 \$57.4 million (2018 - \$71.8 million) surplus in accordance with Canadian Public Sector Accounting Standards.

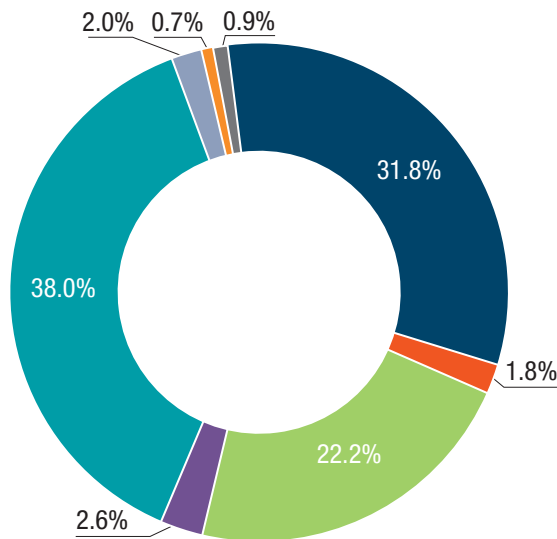
Compared to 2018, Niagara Region's revenues reflect and increase in taxation and user charges for the year of \$27.3 million, a net increase in federal, provincial and municipal grants of \$0.75 million and an increase in other revenues of \$2.2 million.

Higher expenses in 2019 related to increased Workplace Safety Insurance Board costs experienced in Health Services, unanticipated maintenance and repair costs in Social Housing and Environmental Services as well as increased amortization compared to the prior year. Expenses in Environmental Services were higher compared to the prior year due to changes in the assumptions involved in the landfill liability which lowered 2018 expenses in this function by approximately \$17 million.

The following charts break down Niagara Region's revenue source by type and expenses by function.

## Revenue By Source

(In per cent and millions of dollars)



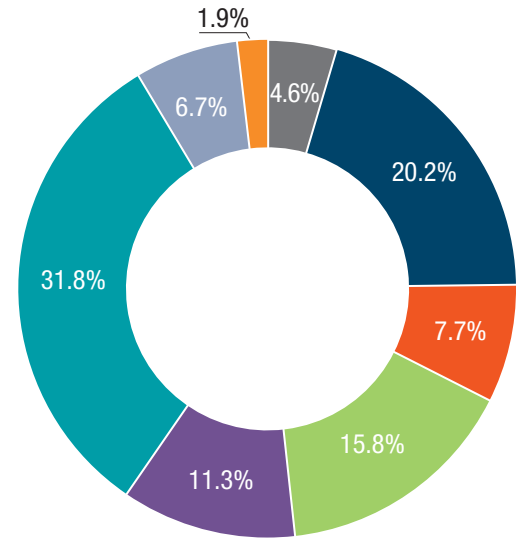
### In Millions of Dollars

Province of Ontario	\$320.8	(31.8%)
Investment income	18.2	(1.8%)
User charges	223.7	(22.2%)
Government of Canada grants	26.7	(2.6%)
Property taxpayer	383.5	(38.0%)
Development charges	19.8	(2.0%)
Court Services	7.0	(0.7%)
Other Income	9.6	(0.9%)

**Total Revenues** \$1,009.3

## Expense By Function

(In per cent and millions of dollars)

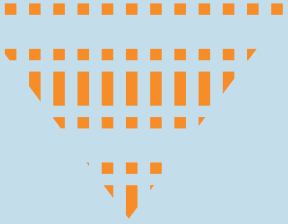


### In Millions of Dollars

Protection to persons and property	\$192.7	(20.2%)
Transportation services	72.9	(7.7%)
Environmental services	150.4	(15.8%)
Health services	108.0	(11.3%)
Social and family services	302.6	(31.8%)
Social housing	64.0	(6.7%)
Planning and development	17.8	(1.9%)
General government	43.5	(4.6%)

**Total Revenues** \$951.9





# 2019 APPROVED BUDGET COMPARED TO FINANCIAL STATEMENTS

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A balanced 2019 operating and capital budget was approved by Regional Council on February 28, 2019.

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 plan. This includes budgeting for any principal debt repayments and considers and 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.

View from Brock University's Cairns building

## 2019 Approved Budget Compared to Financial Statements

(In millions of dollars)	Approved Budget	2019	2018
<b>Based on budget approach</b>			
Water and Wastewater (deficit) surplus	\$-	\$(1.68)	\$2.08
Waste Management (deficit) surplus	-	(1.16)	1.55
Levy surplus	-	3.45	1.83
<b>Operating surplus based on CSD 15-2020</b>	<b>-</b>	<b>0.61</b>	<b>5.46</b>
<b>Capital PSAS Adjustments</b>			
Recognize amortization	(87.19)	(87.19)	(82.30)
Recognize in year capital program revenues	44.52	45.38	44.97
Recognize capital fund expenditures resulting in operating expenses	(10.26)	(10.68)	(9.15)
Recognize operating fund expenditures resulting in capital assets	2.04	2.04	1.79
Recognize proceeds & loss on disposal of assets	(0.77)	(0.77)	(4.23)
Recognize operating funding transferred to capital program	-	6.19	-
<b>Capital subtotal</b>	<b>(51.66)</b>	<b>(45.03)</b>	<b>(48.92)</b>
<b>Funded PSAS Adjustments</b>			
Remove principle debt repayments	46.65	33.94	26.76
Remove net transfers to reserves (including interest allocation)	46.94	72.03	72.98
Remove sinking fund activity	-	0.35	0.26
<b>Funded subtotal</b>	<b>93.59</b>	<b>106.31</b>	<b>100.00</b>
<b>Unfunded PSAS Adjustments</b>			
Recognize change in landfill liability	0.12	0.12	17.79
Recognize power dams liability	-	0.42	0.42
Recognize change in unfunded employee future benefits liability	(5.04)	(5.04)	(2.92)
<b>Unfunded Subtotal</b>	<b>(4.92)</b>	<b>(4.49)</b>	<b>15.30</b>
<b>Annual surplus with PSAS adjustments</b>	<b>\$37.01</b>	<b>\$57.40</b>	<b>\$71.83</b>



# FINANCIAL MANAGEMENT AND CONTROL

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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 points for improvements in relation to the 2019 financial statement audit. This was the third consecutive year in which no management letter was issued. In 2019, Regional Council also approved the following policies and by-laws during the year:

- **Capital Financing Policy** – this policy establishes principles and practices for preparing Niagara Region's Capital Budget, operating impacts and multi-year capital forecasts to adhere with statutory requirements and support a strong credit rating. On an annual basis, the multi-year capital plan shall be analyzed for funding requirements with the objective that projects aligned to asset management should utilize reserves where applicable, projects that are supporting growth should be funding with development charges and projects that are new strategic investments should be funded with debt.

Additionally, this policy includes guidance on budgeting for the cost of servicing the debt, operating impacts of capital as well as timing variances on debt charges or operating impacts resulting from timing of project completion.

- **Employee Travel and Expense Policy** – this policy provides guidance on the claiming and reimbursement of expenses incurred by employees for Niagara Regional business and is based on four key principles; accountability; transparency; value for money and fairness
- **Budget Planning By-law** – the purpose of this by-law is to establish the timing of annual budget approval, ensure the sustainability of Niagara Region's level of service, align with Regional Council's strategic priorities and establish expectation of staff for the development of the annual budget. This is accomplished with transparent disclosure of operating budget pressures and revenue declines, capital funding required to support the asset management plan and capital financing policy, new program resources and the use of assessment growth revenues.





# AUDIT COMMITTEE

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

- Annual consolidated financial statements are prepared in accordance with Canadian Public Sector Accounting Standards 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

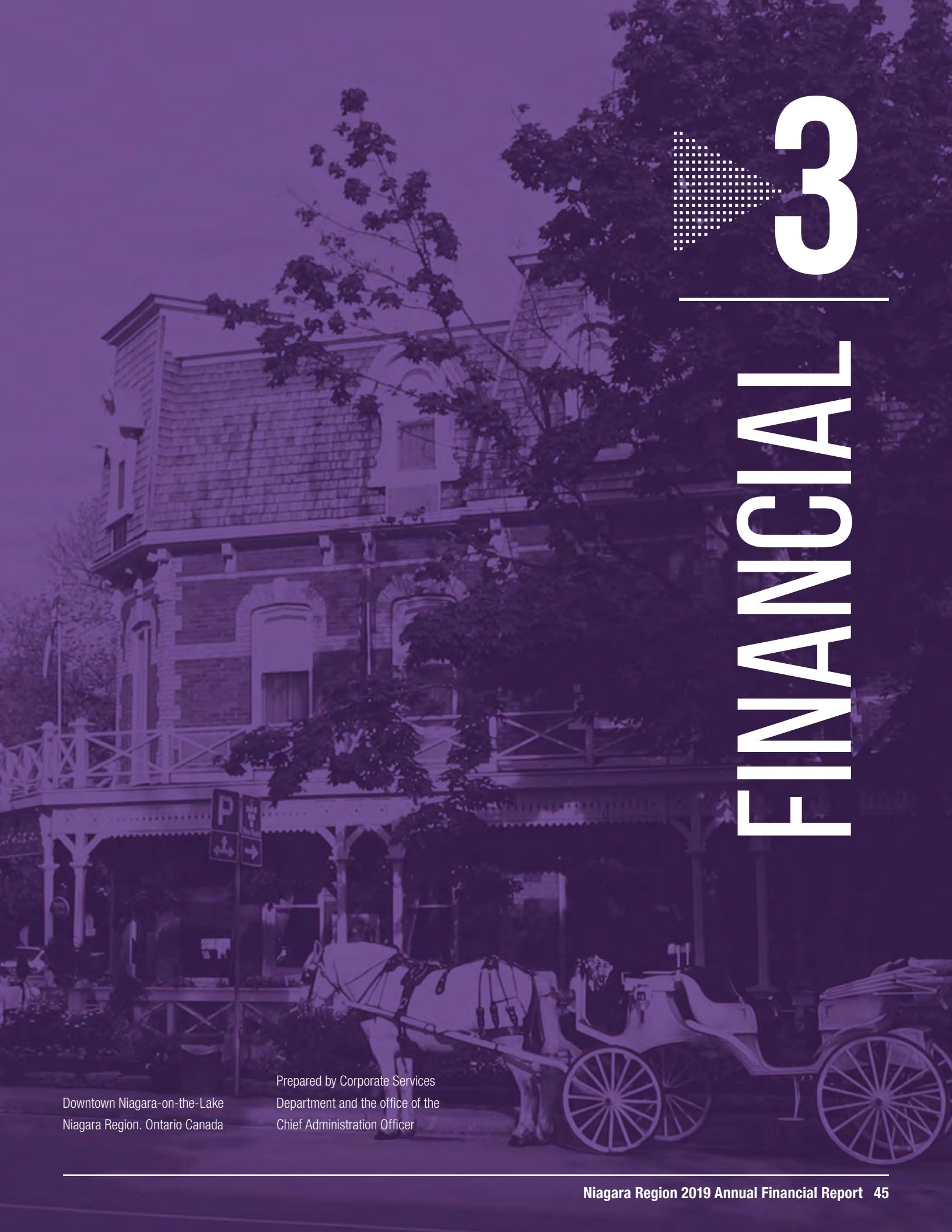
The Audit Committee evaluates the external auditor based on qualifications, independence, scope of the audit, timing of the audit and fees. The Audit Committee recommends the replacement, reappointment and/or appointment of the external auditors to Regional Council.

# CONCLUSION

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Providing service to 479,183 residents in an ever-changing economy requires proactive financial management and a strong 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 driver the financial strategies of Niagara Region. We are committed to providing high standards of fiscal excellence at Niagara Region.

Todd Harrison,  
Commissioner of Corporate Services/Treasurer  
May 29, 2020



# FINANCIAL

Downtown Niagara-on-the-Lake  
Niagara Region, Ontario Canada

Prepared by Corporate Services  
Department and the office of the  
Chief Administration Officer

# THE REGIONAL MUNICIPALITY OF NIAGARA

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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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 Corporate Services/Treasurer

May 21, 2020



## 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, 2019, 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, 2019, 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 LLP"

Chartered Professional Accountants  
Licensed Public Accountants  
May 21, 2020

# THE REGIONAL MUNICIPALITY OF NIAGARA

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2019 (In thousands of dollars)

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash	\$ 135,681	\$ 106,902
Investments (note 2)	635,596	585,420
Accounts receivable (note 3)	80,140	80,713
Other current assets	417	329
Tangible capital assets held for sale (note 4)	1,760	756
Debt recoverable from others (note 9)	316,419	305,684
	<b>1,170,013</b>	<b>1,079,804</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	129,782	114,195
Employee future benefits and post-employment liabilities (note 5)	109,462	104,421
Deferred revenue (note 6)	219,750	178,320
Landfill closure and post-closure liability (note 7)	61,277	61,397
Long-term liabilities (note 9)	695,904	662,658
Capital lease obligation (note 10)	4,352	-
	<b>1,220,527</b>	<b>1,120,991</b>
Net debt	<b>(50,514)</b>	<b>(41,187)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 11)	1,823,929	1,755,117
Inventory	7,498	7,360
Prepaid expenses	18,609	20,836
	<b>1,850,036</b>	<b>1,783,313</b>
Accumulated surplus (note 12)	<b>\$ 1,799,522</b>	<b>\$ 1,742,126</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, 2019 (In thousands of dollars)

	2019 Budget (note 20)	2019 Actual	2018 Actual
<b>REVENUES (Note 19)</b>			
Taxation and user charges:			
Levies on area municipalities	\$ 380,993	\$ 383,481	\$ 363,304
User charges	226,456	223,723	216,641
	607,449	607,204	579,945
Government transfers (note 18):			
Government of Canada	26,497	26,690	24,986
Province of Ontario	326,670	320,813	322,020
Other municipalities	687	861	608
	353,854	348,364	347,614
Other:			
Development charges earned	26,314	19,814	13,387
Investment income	17,519	18,176	16,613
Provincial offences	6,740	7,025	7,336
Miscellaneous	7,429	8,710	14,234
	58,002	53,725	51,570
<b>Total revenues</b>	<b>1,019,305</b>	<b>1,009,293</b>	<b>979,129</b>
<b>EXPENSES (Note 19)</b>			
General government	43,417	43,503	43,507
Protection to persons and property	193,701	192,662	189,911
Transportation services	80,451	72,933	66,063
Environmental services	167,317	150,408	123,780
Health services	106,017	107,966	98,499
Social and family services	306,453	302,631	297,976
Social housing	66,753	63,964	64,095
Planning and development	18,185	17,830	23,470
<b>Total expenses</b>	<b>982,294</b>	<b>951,897</b>	<b>907,301</b>
Annual surplus	37,011	57,396	71,828
Accumulated surplus, beginning of year	1,742,126	1,742,126	1,670,298
<b>Accumulated surplus, end of year</b>	<b>\$ 1,779,137</b>	<b>\$ 1,799,522</b>	<b>\$ 1,742,126</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, 2019 (In thousands of dollars)

	2019 Budget (note 20)	2019 Actual	2018 Actual
<b>Annual surplus</b>	\$ 37,011	\$ 57,396	\$ 71,828
Acquisition of tangible capital assets	(158,046)	(158,046)	(104,039)
Contributed tangible capital assets	(142)	(142)	(3,615)
Transfers from (to) tangible capital assets held for sale	1,004	1,004	(2,759)
Amortization of tangible capital assets	87,189	87,189	82,301
Loss on sale of tangible capital assets	197	197	1,295
Proceeds on sale of tangible capital assets	568	568	2,850
Write down on tangible capital assets held for sale	418	418	-
Change in inventory	-	(138)	(41)
Change in prepaid expenses	-	2,227	(3,664)
Change in net debt	(31,801)	(9,327)	44,156
Net debt, beginning of year	(41,187)	(41,187)	(85,343)
<b>Net debt, end of year</b>	\$ (72,988)	\$ (50,514)	\$ (41,187)

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, 2019 (In thousands of dollars)

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 57,396	\$ 71,828
Items not involving cash:		
Amortization of tangible capital assets	87,189	82,301
Loss on sale of tangible capital assets	197	1,295
Contributed tangible capital assets	(142)	(3,615)
Write down on tangible capital assets held for sale	418	-
Change in employee future benefits and post-employment liabilities	5,041	3,018
Change in landfill closure and post-closure liability	(120)	(17,794)
Change in non-cash assets and liabilities:		
Accounts receivable	573	(2,131)
Other current assets	(88)	(117)
Accounts payable and accrued liabilities	15,587	(8,026)
Deferred revenue	41,430	36,098
Inventory	(138)	(41)
Prepaid expenses	2,227	(3,664)
Net change in cash from operating activities	209,570	159,152
<b>CAPITAL ACTIVITIES</b>		
Proceeds on sale of tangible capital assets	568	2,850
Cash used to acquire tangible capital assets	(158,046)	(104,039)
Net change in cash from capital activities	(157,478)	(101,189)
<b>INVESTING ACTIVITIES</b>		
Proceeds on sale of investments	137,880	35,135
Purchase of investments	(188,056)	(140,425)
Net change in cash from investing activities	(50,176)	(105,290)
<b>FINANCING ACTIVITIES</b>		
Capital lease acquired	6,379	-
Capital lease payments	(2,027)	-
Proceeds on debt issued and assumed	58,263	38,999
Long-term debt repaid	(33,936)	(26,759)
Increase in sinking fund assets	(1,816)	(1,776)
Net change in cash from financing activities	26,863	10,464
Net change in cash	28,779	(36,863)
Cash, beginning of year	106,902	143,765
<b>Cash, end of year</b>	<b>\$ 135,681</b>	<b>\$ 106,902</b>
Cash paid for interest	13,289	12,993
Cash received from interest	20,065	15,175
Investing and financing activities on behalf of others:		
Debt issued on behalf of others	39,412	48,230
Repayment made on behalf of others	28,677	27,956

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, 2019 (In thousands of dollars)

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### 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, 2019 (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	3 – 20
- Vehicles	3 – 20
- Machinery and equipment	3 – 60
Water and wastewater infrastructure	25 – 100
Roads infrastructure	40
- Base	40
- Bridge and culvert	60
- Surface	10
- Other infrastructure	5 - 40

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, 2019 (In thousands of dollars)

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### 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 obligatory reserve funds which are comprised of development charges and gas tax), are reported as revenue in the period earned. Investment income earned on obligatory 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, 2019 (In thousands of dollars)

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

(l) 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 \$4,886 (2018 \$982) and is not reflected in these consolidated financial statements.

(m) Tangible capital assets held for sale:

Tangible capital assets which meet the criteria for financial assets are reclassified as “tangible capital assets held for sale” on the consolidated statement of financial position. Tangible capital assets held for sale are recorded at the lower of cost and net realizable value.

Tangible capital assets held for sale are reasonably anticipated to be sold to a purchaser, external to the Region, within one year of the statement of financial position date.

(n) 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.

### 2. Investments:

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

	2019		2018	
	Cost	Market Value	Cost	Market Value
Investments	\$ 635,596	\$ 650,422	\$ 585,420	\$ 586,280

The Region has purchased \$4,841 (2018 - \$5,961) 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 \$36,627 (2018 - \$39,742). 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 \$763 (2018 - \$643).

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (In thousands of dollars)

#### 4. Tangible capital assets held for sale:

During the year, the Region wrote down tangible capital assets held for sale to these assets net realizable value in the amount of \$418 (2018 – \$nil). The value of write downs related to tangible capital assets held for sale is reported in the consolidated statement of operations.

#### 5. 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.

	2019	2018
Workplace Safety & Insurance Board	\$ 48,039	\$ 42,407
Accumulated Sick Leave	11,818	13,544
Retiree benefits	35,335	34,909
Vacation pay	10,098	9,587
Other post-employment liabilities	4,172	3,974
<b>Total employee future benefits and post-employment liabilities</b>	<b>\$ 109,462</b>	<b>\$ 104,421</b>

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

	2019	2018
Niagara Regional Police Services	\$ 61,438	\$ 59,976
Niagara Regional Housing	1,648	1,738
Niagara Region	46,376	42,707
<b>Total</b>	<b>\$ 109,462</b>	<b>\$ 104,421</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:

	2019	2018
Niagara Regional Police Services	\$ 9,101	\$ 8,902
Niagara Regional Housing	793	792
Niagara Region	24,695	24,845
<b>Total (Note 12)</b>	<b>\$ 34,589</b>	<b>\$ 34,539</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (In thousands of dollars)

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

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

	2019			Total
	Niagara Regional Police	Niagara Regional Housing	Niagara Region	
Accrued benefit obligation:				
Balance, beginning of year	\$ 65,513	\$ 460	\$ 52,454	\$ 118,427
Current benefit cost	5,075	42	6,367	11,484
Interest	2,302	6	1,610	3,918
Benefits paid	(6,466)	(28)	(5,070)	(11,564)
Balance, end of year	66,424	480	55,361	122,265
Unamortized actuarial (loss) gain	(4,986)	1,168	(8,985)	(12,803)
Liability	\$ 61,438	\$ 1,648	\$ 46,376	\$ 109,462

	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)	4,416	(1,591)	14,858	17,683
Benefits paid	(5,184)	(123)	(2,809)	(8,116)
Balance, end of year	65,513	460	52,454	118,427
Unamortized actuarial (loss) gain	(5,537)	1,278	(9,747)	(14,006)
Liability	\$59,976	\$1,738	\$42,707	\$104,421

Included in expenses is \$1,202 (2018 - \$338) for amortization of the actuarial gain. The unamortized actuarial gain (loss) 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, 2019 (In thousands of dollars)

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### 5. 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, 2019 and the expense for the year ended December 31, 2019, were determined using a discount rate of 3.75% (2018 – 3.75%).

#### *Administration costs*

Administration costs were assumed to be 32% (2018 – 32%) 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 (2018 – 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, 2019, of the present value of future liabilities and the expense for the year ended December 31, 2019, were determined using a discount rate of 3.75% (2018 – 3.75%).

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (In thousands of dollars)

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### 5. 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, 2019, of the present value of future liabilities and the expense for the year ended December 31, 2019, were determined using a discount rate of 3.75% (2018 - 3.75%).

#### ***Medical costs***

Medical costs were assumed to increase at the rate of 3.42% (2018 – 3.42%) per year, reducing to 2.75% in 2022 and thereafter.

#### ***Dental costs***

Dental costs were assumed to increase at the rate of 2.75% (2018 – 2.75%) per year.

#### ***Inflation***

Inflation was assumed to be 1.75% (2018 – 1.75%) 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 2019 with a funding deficit of \$3.4 billion (2018 - \$4.2 billion). The funded ratio has increased to 97% from 96% in 2018. The funded ratio has increased for the seventh consecutive year.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (In thousands of dollars)

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

#### Other pension plans (continued)

The amount contributed to OMERS for 2019 was \$31,292 (2018 - \$30,473) for current service and is included as an expense on the consolidated statement of operations. Employees' contribution to OMERS in 2019 were \$31,259 (2018 - \$30,453).

Contributions for employees with a normal retirement age of 65 were being made at rate of 9.0% (2018 – 9.0%) for earnings up to the yearly maximum pensionable earnings of \$57.40 (2018 - \$55.90) and at a rate of 14.6% (2018 – 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% (2018 - 9.2%) and 15.8% (2018 - 15.8%) respectively.

### 6. 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 \$198,142 (2018 - \$154,762). 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.

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

	2019	2018
Development charges	\$ 163,141	\$ 134,530
Gas tax	35,001	20,232
Obligatory reserve funds	198,142	154,762
Investing in Ontario Grant	10,617	10,617
Other deferred revenue	10,991	12,941
Balance, end of year	\$ 219,750	\$ 178,320



# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (In thousands of dollars)

### 6. Deferred revenue (continued):

The continuity of obligatory reserve funds are summarized below:

Development charges:

	2019	2018
Balance, beginning of year	\$ 134,530	\$ 97,197
Externally restricted inflows	45,478	48,817
Revenue earned	(19,814)	(13,387)
Investment income	2,947	1,903
Balance, end of year	\$ 163,141	\$ 134,530

Gas tax:

	2019	2018
Balance, beginning of year	\$ 20,232	\$ 19,124
Externally restricted inflows	28,344	14,415
Revenue earned	(14,121)	(13,630)
Investment income	546	323
Balance, end of year	\$ 35,001	\$ 20,232

### 7. 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 2019 budget and inflation adjusted at a rate of 1.75% per annum (2018 – 1.75%) until the end of contamination. These costs were then discounted to December 31, 2019 using a discount rate of 3.75% (2018 – 3.75%). Post-closure care is estimated to be required for the contaminating lifespan of landfill sites up to 40 years (2018 – 40 years). The liability for closure and post-closure care as at December 31, 2019 is \$61,277 (2018 - \$61,397). Estimated total expenditures for closure and post-closure care are \$71,419 (2018 - \$75,440). The liability remaining to be recognized is \$10,142 (2018 - \$14,043). It is estimated that the life of open landfill sites range from 31 to 46 years with an estimated total remaining capacity of 3,285 thousand cubic meters (2018 - 3,473 thousand cubic meters).

The Region has a landfill reserve which is dedicated for costs relating to settling closure and post-closure care liabilities. As of December 31, 2019 the reserve balance is \$8,205 (2018 - \$8,288).

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (In thousands of dollars)

### 8. 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, 2019 there are no contaminated sites that meet the specified criteria and no liability (2018 - \$nil) for contaminated sites has been recorded in the consolidated financial statements.

### 9. 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:

	2019	2018
Long-term liabilities incurred by the Region	\$ 712,170	\$ 676,851
Less: Sinking fund assets	(16,266)	(14,193)
Long-term debt	\$ 695,904	\$ 662,658
Debt recoverable from others net of sinking fund assets (long-term liabilities incurred by the Region for which other entities have assumed responsibility)	(316,419)	(305,684)
Net long-term debt, end of year	\$ 379,485	\$ 356,974

- (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.
- (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).

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (In thousands of dollars)

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

(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, 2019 is \$316,419 (2018 - \$305,684) 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, due in each of the next five years are as follows:

	2019
2020	\$ 31,573
2021	27,233
2022	26,982
2023	26,603
2024	23,878
Thereafter	243,216
	<hr/>
	\$ 379,485

Total interest on net long-term liabilities which are reported on the consolidated statement of operations amounted to \$13,340 in 2019 (2018 - \$13,212). The long-term liabilities bear interest at rates ranging from 1.3% to 4.8%. 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, 2019 (In thousands of dollars)

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### 10. Capital lease obligation:

In 2017, the Region entered into a lease agreement for the construction of land and building in Niagara Falls to be used for Public Health. Upon completion of the construction in 2019, the Region has accounted for the obligation as a capital lease. The amount of the obligation is calculated as the present value of payments required under the terms of the agreement. The discount rate used by the Region in determining the present value of the lease payments is 3.75%.

The payments under the lease agreement began in 2019 and the agreement requires monthly lease payments over a period of 30 years until 2049 in addition to balloon payment required in 2029.

Future annual lease payments under the agreement are as follows:

	2019
2020	\$ 216
2021	216
2022	216
2023	216
2024	216
Thereafter	6,263
Total minimum lease payments	\$ 7,343
Less: amount representing implicit interest at 3.75%	(2,991)
Capital lease obligation	\$ 4,352

In 2019, interest of \$95 relating to the capital lease obligation has been reported in the consolidated statement of operations.

The cost of the leased tangible capital assets at December 31, 2019 is \$6,379 and accumulated amortization of leased tangible capital assets at December 31, 2019 is \$69. Amortization of the building is calculated using the straight line method for a period of 40 years.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (In thousands of dollars)

### 11. Tangible capital assets:

	2019							
	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	\$ 223,572	\$ 101,046	\$ 773,995	\$ 627,622	\$ 355,448	\$ 781,767	\$ 148,601	\$ 3,012,051
Additions/transfers	1,526	5,300	38,050	18,441	17,151	46,936	30,784	158,188
Disposals	(1,432)	(1,756)	(4,246)	(6,892)	-	(4,462)	-	(18,788)
<b>Balance, end of year</b>	<b>223,666</b>	<b>104,590</b>	<b>807,799</b>	<b>639,171</b>	<b>372,599</b>	<b>824,241</b>	<b>179,385</b>	<b>3,151,451</b>
<b>Accumulated Amortization</b>								
Balance, beginning of year	-	53,869	363,510	403,820	82,372	353,363	-	1,256,934
Disposals	-	(1,747)	(4,073)	(5,438)	-	(5,343)	-	(16,601)
Amortization expense	-	3,505	24,005	30,541	5,282	23,856	-	87,189
<b>Balance, end of year</b>	<b>-</b>	<b>55,627</b>	<b>383,442</b>	<b>428,923</b>	<b>87,654</b>	<b>371,876</b>	<b>-</b>	<b>1,327,522</b>
<b>Net Book Value, end of year</b>	<b>\$ 223,666</b>	<b>\$ 48,963</b>	<b>\$ 424,357</b>	<b>\$ 210,248</b>	<b>\$ 284,945</b>	<b>\$ 452,365</b>	<b>\$ 179,385</b>	<b>\$ 1,823,929</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (In thousands of dollars)

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

	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	\$ 342,251	\$ 762,655	\$ 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>355,448</b>	<b>781,767</b>	<b>148,601</b>	<b>3,012,051</b>
<b>Accumulated Amortization</b>								
Balance, beginning of year	-	50,854	340,824	386,901	77,332	338,259	-	1,194,170
Disposals	-	(277)	(421)	(14,095)	(18)	(4,726)	-	(19,537)
Amortization expense	-	3,292	23,107	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>82,372</b>	<b>353,363</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>\$ 273,076</b>	<b>\$ 428,404</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, 2019 (In thousands of dollars)

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

(a) Work in progress

Work in progress having a value of \$179,385 (2018 - \$148,601) have not been amortized. Amortization of these assets will commence when the asset is put into service. Included in work in progress at December 31, 2019 is \$13,687 (2018 - \$nil) related to Niagara Region's contribution toward the construction of the 2021 Canada Summer Games infrastructure. The Niagara Region also has an additional commitment of \$6,350 to this project and plans to fund 68% of the total contribution with federal gas tax revenue

(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 \$142 (2018 - \$3,615).

(c) Works of art and historical treasures

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

(d) Write-downs of tangible capital assets

The Region had \$nil write-downs (2018 - \$nil) of tangible capital assets during the year.

The value of write-downs related to tangible capital assets is reported in the consolidated statement of operations.



# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (In thousands of dollars)

### 12. Accumulated Surplus:

Accumulated surplus consists of balances as follows:

	2019	2018
Surplus:		
Invested in tangible capital assets	\$ 1,440,091	\$ 1,398,144
Capital fund – unexpended capital financing	271,407	226,159
Operating fund	(10,886)	(12,686)
Unfunded		
Landfill closure and post-closure liability	(61,277)	(61,397)
Employee future benefits and post-employment liabilities	(108,148)	(103,112)
Total surplus	1,531,187	1,447,108
Reserves set aside by Council:		
Ambulance communication	37	37
Circle route initiatives	1,383	1,383
Employee benefits	34,589	34,539
Encumbrances	16,377	19,494
General capital levy	15,680	26,221
Niagara Regional Housing	14,482	10,439
Court Services facilities renewal	2,876	1,650
Public liability self-insurance	2,270	2,270
Smart growth	201	201
Taxpayer relief reserve	23,757	26,539
Waste management	21,813	24,330
Wastewater	43,424	46,228
Water	81,798	91,930
Landfill liability	8,205	8,288
Other reserves	1,443	1,469
Total reserves	268,335	295,018
Total accumulated surplus	\$ 1,799,522	\$ 1,742,126

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (In thousands of dollars)

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### 13. Trust funds:

Trust funds administered by the Region amounting to \$962 (2018 - \$958) 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.

### 14. Commitments:

- (a) The Region has outstanding contractual obligations of approximately \$184,243 (2018 - \$93,111) for public works projects. These costs include holdbacks. The holdbacks related to work completed as of December 31, 2019 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 \$7,124 (2018 - \$8,750). Annual payments of \$2,063 (2018 - \$2,159) 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 operating lease payments:

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

	2019
2020	\$ 2,032
2021	1,620
2022	1,173
2023	733
2024	647
Thereafter	389
	\$ 6,594

### 15. Contingent liabilities:

At December 31, 2019, 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 \$9,576 (2018 - \$10,935) has been made for those claims not expected to be covered by insurance.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (In thousands of dollars)

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### **16. 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 \$50,000 per occurrence.

The Region has a reserve fund for allocated self-insurance claims which as at December 31, 2019 amount to \$2,270 (2018 - \$2,270) and is reported on the consolidated statement of financial position under accumulated surplus. An amount of \$nil (2018- \$nil) has been transferred from this reserve fund in the current year.

Payments charged against operations in the current year amounted to \$6,091 (2018 - \$3,972).

### **17. 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 \$17,886 (2018 - \$17,754).

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (In thousands of dollars)

### 18. Government transfers:

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

	Budget	2019	2018
Revenue:			
Government of Canada:			
Transportation services	\$ 10,668	\$ 10,668	\$ 12,059
Environmental services	6,164	6,164	2,602
Health services	-	54	53
Social and family services	1,082	1,125	2,339
Social housing	8,383	8,598	7,787
Planning and development	200	81	146
	<b>26,497</b>	<b>26,690</b>	<b>24,986</b>
Province of Ontario:			
General government	1,951	1,952	1,930
Protection to persons and property	10,008	9,652	10,007
Transportation services	2,048	2,031	1,558
Environmental services	1,626	1,626	1,127
Health services	65,843	64,920	62,419
Social and family services	233,277	230,206	226,638
Social housing	11,917	10,426	18,306
Planning and development	-	-	35
	<b>326,670</b>	<b>320,813</b>	<b>322,020</b>
Other municipalities:			
General government	369	542	200
Protection to persons and property	318	319	332
Transportation services	-	-	576
Environmental services	-	-	(500)
	<b>687</b>	<b>861</b>	<b>608</b>
Total revenues	<b>\$ 353,854</b>	<b>\$ 348,364</b>	<b>\$ 347,614</b>



# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (In thousands of dollars)

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### 19. 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, 2019 (In thousands of dollars)

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### 19. 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, 2019 (In thousands of dollars)

### 19. Segmented information (continued):

	2019								
	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	\$ 348,152	-	-	\$ 35,329	-	-	-	-	\$ 383,481
User charges	746	8,119	6,680	163,353	735	27,908	15,293	889	223,723
Government transfers	2,494	9,971	12,699	7,790	64,974	231,331	19,024	81	348,364
Development charges earned	-	(4)	12,556	6,570	14	-	272	406	19,814
Investment income	17,842	-	-	-	-	-	334	-	18,176
Provincial offenses	-	7,025	-	-	-	-	-	-	7,025
Miscellaneous	1,815	835	61	4,691	74	842	388	4	8,710
<b>Total revenues</b>	<b>371,049</b>	<b>25,946</b>	<b>31,996</b>	<b>217,733</b>	<b>65,797</b>	<b>260,081</b>	<b>35,311</b>	<b>1,380</b>	<b>1,009,293</b>
<b>Expenses:</b>									
Salaries, wages and employee benefits	6,061	156,665	15,648	32,249	90,134	110,197	6,042	5,506	422,502
Operating expenses	13,784	17,728	25,133	86,358	14,793	78,421	19,876	1,849	257,942
External transfers	3,247	7,895	5,490	4,263	-	110,122	29,516	10,475	171,008
Debt services	13,230	-	26	-	-	-	-	-	13,256
Amortization	7,181	10,374	26,636	27,538	3,039	3,891	8,530	-	87,189
<b>Total expenses:</b>	<b>43,503</b>	<b>192,662</b>	<b>72,933</b>	<b>150,408</b>	<b>107,966</b>	<b>302,631</b>	<b>63,964</b>	<b>17,830</b>	<b>951,897</b>
<b>Annual surplus (deficit)</b>	<b>\$ 327,546</b>	<b>\$ (166,716)</b>	<b>\$ (40,937)</b>	<b>\$ 67,325</b>	<b>\$ (42,169)</b>	<b>\$ (42,550)</b>	<b>\$ (28,653)</b>	<b>\$ (16,450)</b>	<b>\$ 57,396</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (In thousands of dollars)

### 19. 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	385	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	-	-	-	3	-	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, 2019 (In thousands of dollars)

### 20. Budget data:

The budget amounts presented in these consolidated financial statements are based upon the 2019 operating and capital budgets approved by Council on February 28, 2019. 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	\$ 973,894
Budget Adjustments	33,848
Expenses classified as revenue	(195)
Capital:	
Development charges	18,376
Grants and subsidies	25,864
Other contributions	277
Loss on sale of tangible capital assets	(197)
Less:	
Transfers from reserves	(31,994)
Proceeds on sale of tangible capital assets	(568)
<b>Total revenue</b>	<b>1,019,305</b>
<b>EXPENSES</b>	
Operating	
Approved budget	\$ 973,894
Budget Adjustments	33,848
Expenses classified as revenue	(195)
Add:	
Capital project cost resulting in operating expenses	10,261
Amortization	87,189
Employee future benefits	5,041
Landfill liability	(120)
Less:	
Operating expenses resulting in tangible capital assets	(2,040)
Transfers to reserves, including capital	(78,933)
Debt principal payments	(46,651)
<b>Total expenses</b>	<b>982,294</b>
<b>Annual surplus</b>	<b>\$ 37,011</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (In thousands of dollars)

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**21. 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 Sinking Funds of the Regional Municipality of Niagara (the "Region"), which comprise the statement of financial position as at December 31, 2019, 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, 2019, 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

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.

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 LLP"

Chartered Professional Accountants  
Licensed Public Accountants  
May 21, 2020



# THE REGIONAL MUNICIPALITY OF NIAGARA

## SINKING FUND STATEMENT OF FINANCIAL POSITION

As at December 31, 2019 (In thousands of dollars)

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash	\$ 228	\$ 169
Interest receivable	96	65
Due from operating fund	48	5
Investments (note 2)	15,941	13,960
	<b>16,313</b>	<b>14,199</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	4	4
Sinking fund requirements		
City of St. Catharines	1,907	1,665
The Regional Municipality of Niagara	14,049	12,265
	<b>15,960</b>	<b>13,934</b>
Accumulated surplus and net financial assets	\$ 353	\$ 265

*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, 2019 (In thousands of dollars)

	2019	2018
<b>REVENUES</b>		
Contributions	\$ 1,512	\$ 1,512
Investment Income	606	528
Total revenues	2,118	2,040
<b>EXPENSES</b>		
Professional fees and dues	3	7
Provision for sinking fund requirements	2,027	1,958
Total expenses	2,030	1,965
Annual Surplus	88	75
Accumulated surplus and net financial assets, beginning of year	265	190
Accumulated surplus and net financial assets, end of year	\$ 353	\$ 265

*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, 2019 (In thousands of dollars)

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 88	\$ 75
Change in non-cash assets and liabilities:		
Interest receivable	(31)	(30)
Due from operating fund	(43)	-
Net change in cash from operating activities	14	45
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(1,981)	(2,087)
Net change in cash from investing activities	(1,981)	(2,087)
<b>FINANCING ACTIVITIES</b>		
Increase in sinking fund requirements	2,026	1,959
Net change in cash from financing activities	2,026	1,959
Net change in cash	59	(83)
Cash, beginning of year	169	252
Cash, end of year	\$ 228	\$ 169

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, 2019 (In thousands of dollars)

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### 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, 2019 the investments have a market value of \$17,751 (2018 - \$14,254)



## 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, 2019, 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, 2019, 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

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.

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 LLP"

Chartered Professional Accountants  
Licensed Public Accountants  
May 21, 2020

# THE REGIONAL MUNICIPALITY OF NIAGARA

## TRUST FUNDS STATEMENT OF FINANCIAL POSITION

As at December 31, 2019 (In thousands of dollars)

	2019	2018
<b>ASSETS</b>		
Cash	\$ 244	\$ 249
Due from Regional Municipality of Niagara	718	709
<b>Fund balance</b>	<b>\$ 962</b>	<b>\$ 958</b>

*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, 2019 (In thousands of dollars)

	2019	2018
<b>REVENUE</b>		
Deposits from residents	\$ 468	\$ 492
Donations	261	227
	<b>729</b>	<b>719</b>
<b>EXPENSES</b>		
Expenditures for the benefit of residents	725	685
	<b>725</b>	<b>685</b>
Excess of revenues over expenses / (expenses over revenues)	4	34
Fund balance, beginning of year	958	924
Fund balance, end of year	<b>\$ 962</b>	<b>\$ 958</b>

*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, 2019 (In thousands of dollars)

	2019	2018
OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 4	\$ 34
Change in non-cash assets and liabilities		
Due from Regional Municipality of Niagara	(9)	(59)
Net change in cash from operating activities	(5)	(25)
Cash, beginning of year	249	274
Cash, end of year	\$ 244	\$ 249

*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, 2019 (In thousands of dollars)

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### 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.



# STATISTICAL 4

Downtown Welland  
Niagara Region, Ontario Canada

Prepared by Corporate Services  
Department and the office of the  
Chief Administration Officer

# THE REGIONAL MUNICIPALITY OF NIAGARA

## FIVE YEAR STATISTICAL REVIEW

December 31, 2019, with comparative information for 2018-2015 (Unaudited - In thousands of dollars)

	2019	2018	2017	2016	2015
<b>STATISTICS</b>					
Population (a)	479,183	472,448	458,986	447,888	449,098
Number of households (b)	201,797	201,063	198,806	196,914	195,451
Niagara Region government full-time employees	3,821	3,741	3,547	3,497	3,497
Unemployment rates (a):					
Niagara Region	5.8%	6.6%	6.7%	7.1%	7.0%
Ontario	5.6%	5.6%	6.1%	6.4%	6.8%
Canada	5.7%	5.8%	6.4%	6.9%	6.9%
Average monthly Ontario Works caseloads	10,084	10,080	10,418	10,826	11,053
Housing starts (c)	3,077	2,332	2,440	2,530	1,911
Annual disposal residential solid waste (metric tonnes)	88,126	87,350	87,048	84,256	88,146
Annual diversion of residential solid waste (metric tonnes)	110,715	111,135	113,720	106,652	104,564
Annual supply of treated water (000 m3)	55,458	58,491	56,986	58,843	57,623
Annual wastewater flows (000 m3)	79,271	76,140	76,715	63,407	67,779
<b>BUILDING PERMIT VALUES</b>					
Residential & agricultural (a)	\$ 919,644	\$ 763,804	\$ 714,596	\$ 649,828	\$ 509,137
Business & commercial (a)	289,118	167,511	145,011	131,755	114,901
Industrial (a)	47,560	111,274	134,973	39,085	44,751
Government & institutional (a)	69,669	22,743	63,024	48,107	47,241
	\$ 1,325,991	\$ 1,065,332	\$ 1,057,604	\$ 868,775	\$ 716,030

**Note:**

- 2019 residential solid waste 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 Region
4. Niagara Health System
5. Niagara Fallsview Casino Resort



# THE REGIONAL MUNICIPALITY OF NIAGARA

## FIVE YEAR STATISTICAL REVIEW

December 31, 2019, with comparative information for 2018-2015 (Unaudited - In thousands of dollars)

	2019	2018	2017	2016	2015
<b>AREA MUNICIPALITIES TAX LEVY &amp; COLLECTION EXPERIENCES(*)</b>					
Current tax levy	n/a	911,109	893,568	871,219	846,694
Current tax levy collections	n/a	863,756	841,580	819,332	786,829
Current collection as a % of current levy	n/a	94.8%	94.2%	94.0%	92.9%
Total collections	n/a	904,306	889,307	876,343	842,882
Total collections as a % of current levy	n/a	99.3%	99.5%	100.6%	99.5%
Total tax arrears	n/a	36,444	47,414	51,203	61,630
Total tax arrears as a % of current levy	n/a	4.0%	5.3%	5.9%	7.3%
Regional tax levy	365,726	346,748	335,024	325,108	321,878
Regional government tax levy change (Net assessment decrease/increase after assessment growth)	3.82%	2.00%	2.00%	-0.02%	1.92%
<b>TAXABLE ASSESSMENT</b>					
Residential and farm	\$50,585,629	\$47,727,464	\$45,058,956	\$42,907,735	\$41,524,036
Commercial, industrial and business	8,071,174	7,654,672	7,238,493	7,090,274	6,911,357
<b>Total</b>	<b>\$58,656,802</b>	<b>\$55,382,136</b>	<b>\$52,297,449</b>	<b>\$49,998,009</b>	<b>\$48,435,393</b>
Per household	\$ 250,676	\$ 237,376	\$ 226,648	\$ 217,901	\$ 212,452
Commercial, industrial, business, as a % of taxable assessment	13.8%	13.8%	13.8%	14.2%	14.3%

### 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.
- Cytec Canada Inc.
- 2433814 Ontario Inc.
- Forty Creek Distillery Ltd.

(\*) Prepared using the most recent annual data at the time of publishing

# THE REGIONAL MUNICIPALITY OF NIAGARA

## FIVE YEAR STATISTICAL REVIEW

December 31, 2019, with comparative information for 2018-2015 (Unaudited - In thousands of dollars)

	2019	2018	2017	2016	2015
<b>CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT</b>					
Annual surplus	\$ 57,396	\$ 71,828	\$ 47,663	\$ 72,419	\$ 87,569
Acquisition of tangible capital assets	(158,046)	(104,039)	(116,972)	(180,417)	(195,701)
Contributed tangible capital asset	(142)	(3,615)	(428)	-	-
Transfer to (from) tangible capital assets held for sale	1,004	(2,759)	(6,791)	7,007	700
Amortization of tangible capital assets	87,189	82,301	85,944	73,489	67,406
Loss (gain) on sale of tangible capital assets	197	1,295	2,042	(1,598)	1,023
Proceeds on sale of tangible capital assets	568	2,850	5,127	2,951	334
Write down on tangible capital assets held for sale	418	-	-	-	-
Change in inventory	(138)	(41)	(415)	(1,021)	(394)
Change in prepaid expenses	2,227	(3,664)	(1,669)	(4,256)	(591)
Change in net debt	(9,327)	44,156	14,501	(31,426)	(39,654)
Net debt, beginning of year	(41,187)	(85,343)	(99,844)	(68,418)	(28,764)
Net debt, end of year	\$ (50,514)	\$ (41,187)	\$ (85,343)	\$ (99,844)	\$ (68,418)

### NET LONG-TERM LIABILITIES

General municipal activities – capital projects	\$ 379,485	\$ 356,974	\$ 346,510	\$ 316,940	\$ 315,749
Per capita (\$)	\$ 792	\$ 778	\$ 755	\$ 708	\$ 703
Percentage of taxable assessment	0.6%	0.6%	0.7%	0.6%	0.7%

### ANNUAL REPAYMENT LIMIT

25% of own source revenues	\$ 158,216	\$ 153,945	\$ 150,437	\$ 146,319	\$ 145,517
Debt payments (interest and principal)	\$ 49,310	\$ 41,306	\$ 42,564	\$ 39,077	\$ 39,271
Per capita (\$)	\$ 98	\$ 85	\$ 93	\$ 87	\$ 87
Annual repayment limit (\$)	\$ 108,906	\$ 112,639	\$ 107,873	\$ 107,242	\$ 106,260
Annual repayment limit (%)*	7.8%	6.7%	7.1%	6.7%	6.7%
Percentage of debt to general expenses	5.0%	4.4%	4.8%	4.6%	4.6%

\* Annual repayment limit has been calculated using the FIR data for each year listed and may differ from Niagara Region debt reports presented during the year.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## FIVE YEAR STATISTICAL REVIEW

December 31, 2019, with comparative information for 2018-2015 (Unaudited - In thousands of dollars)

	2019	2018	2017	2016	2015
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>					
<b>FINANCIAL ASSETS</b>					
Cash	\$ 135,681	\$ 106,902	\$ 143,765	\$ 102,524	\$ 168,521
Investments	635,596	585,420	480,130	438,585	402,792
Accounts receivable	80,140	80,713	78,582	84,647	92,162
Other current assets	417	329	212	269	164
Tangible capital assets held for sale	1,760	756	3,515	10,307	3,300
Debt recoverable from others	316,419	305,684	285,412	262,552	251,899
<b>Total financial assets</b>	<b>1,170,013</b>	<b>1,079,804</b>	<b>991,616</b>	<b>898,884</b>	<b>918,838</b>
<b>FINANCIAL LIABILITIES</b>					
Accounts payable and accrued liabilities	129,782	114,195	122,221	124,811	134,151
Employee future benefits and post-employment liabilities	109,462	104,421	101,403	101,064	98,752
Deferred revenue	219,750	178,320	142,222	113,000	106,656
Landfill closure and post-closure liability	61,277	61,397	79,191	80,361	79,849
Contaminated sites liability	-	-	-	-	200
Long-term liabilities	695,904	662,658	631,922	579,492	567,648
Capital lease obligation	4,352	-	-	-	-
<b>Total financial liabilities</b>	<b>1,220,527</b>	<b>1,120,991</b>	<b>1,076,959</b>	<b>998,728</b>	<b>987,256</b>
<b>Net debt</b>	<b>(50,514)</b>	<b>(41,187)</b>	<b>(85,343)</b>	<b>(99,844)</b>	<b>(68,418)</b>
<b>NON-FINANCIAL ASSETS</b>					
Tangible capital assets	1,823,929	1,755,117	1,731,150	1,700,072	1,601,504
Inventory	7,498	7,360	7,319	6,905	5,884
Prepaid expenses	18,609	20,836	17,171	15,502	11,246
<b>Total non-financial assets</b>	<b>1,850,036</b>	<b>1,783,313</b>	<b>1,755,640</b>	<b>1,722,479</b>	<b>1,618,634</b>
<b>Accumulated surplus</b>	<b>\$ 1,799,522</b>	<b>\$ 1,742,126</b>	<b>\$ 1,670,298</b>	<b>\$ 1,622,635</b>	<b>\$ 1,550,216</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## FIVE YEAR STATISTICAL REVIEW

December 31, 2019, with comparative information for 2018-2015 (Unaudited - In thousands of dollars)

	2019	2018	2017	2016	2015
<b>CONSOLIDATED STATEMENTS OF OPERATIONS</b>					
<b>REVENUES BY SOURCE</b>					
Property taxpayer	\$ 383,481	\$ 363,304	\$ 350,157	\$ 339,835	\$ 331,661
Sewer charges	74,382	69,390	68,079	67,047	67,273
Water charges	43,245	43,883	42,150	42,929	41,851
Waste management	45,717	48,181	53,113	48,827	48,030
User charges	60,379	55,187	53,877	52,732	52,060
Government of Canada grants	26,690	24,986	25,915	25,740	41,701
Province of Ontario grants	320,813	322,020	294,769	284,831	278,554
Other municipalities	861	608	1,967	785	2,052
Development charges	19,814	13,387	11,761	16,923	17,236
Investment income	18,176	16,613	15,993	13,973	13,751
Court services	7,025	7,336	6,812	7,823	7,989
Miscellaneous income/other	8,710	14,234	9,952	13,709	17,971
<b>Total revenue by source</b>	<b>1,009,293</b>	<b>979,129</b>	<b>934,545</b>	<b>915,154</b>	<b>920,129</b>
<b>EXPENSE BY FUNCTION</b>					
General Government	43,503	43,507	42,100	41,150	34,155
Protection to persons and property	192,662	189,911	185,360	179,017	175,013
Transportation services	72,933	66,063	63,688	54,190	57,820
Environmental services	150,408	123,780	143,508	132,062	147,116
Health services	107,966	98,499	92,751	90,860	86,034
Social and family services	302,631	297,976	279,678	271,524	263,935
Social housing	63,964	64,095	67,130	62,571	59,677
Planning and development	17,830	23,470	12,667	11,361	8,810
<b>Total expenses by function</b>	<b>951,897</b>	<b>907,301</b>	<b>886,882</b>	<b>842,735</b>	<b>832,560</b>
Annual Surplus	57,396	71,828	47,663	72,419	87,569
Accumulated surplus, beginning of year	1,742,126	1,670,298	1,622,635	1,550,216	1,462,647
<b>Accumulated surplus, end of year</b>	<b>\$ 1,799,522</b>	<b>\$ 1,742,126</b>	<b>\$ 1,670,298</b>	<b>\$ 1,622,635</b>	<b>\$ 1,550,216</b>
<b>ANALYSIS OF EXPENSES BY OBJECT</b>					
Salaries, wages and employee benefits	\$ 422,502	\$ 404,050	\$ 388,360	\$ 381,888	\$ 372,591
Operating expenses	257,942	243,856	241,619	225,441	235,935
External transfers to others	171,008	163,879	158,209	149,181	144,602
Debt services	13,256	13,215	12,750	12,736	12,027
Amortization	87,189	82,301	85,944	73,489	67,405
<b>Total expenses by object</b>	<b>\$ 951,897</b>	<b>\$ 907,301</b>	<b>\$ 886,882</b>	<b>\$ 842,735</b>	<b>\$ 832,560</b>





# 2019 ANNUAL REPORT

Niagara  Region

1815 SIR ISAAC BROCK WAY THOROLD, ON L2V 4T7