



THE REGIONAL MUNICIPALITY OF NIAGARA  
AUDIT COMMITTEE  
AGENDA

AC 2-2025

Tuesday, May 20, 2025

1:00 p.m.

Council Chamber - In Person and Electronic Meeting

Niagara Region Headquarters, Campbell West

1815 Sir Isaac Brock Way, Thorold, ON

To view live stream meeting proceedings, please visit: [niagararegion.ca/government/council](https://niagararegion.ca/government/council)

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	Pages
1. <u>CALL TO ORDER</u>	
2. <u>LAND ACKNOWLEDGEMENT STATEMENT</u>	
3. <u>DISCLOSURES OF PECUNIARY INTEREST</u>	
4. <u>PRESENTATIONS</u>	
5. <u>DELEGATIONS</u>	
6. <u>ITEMS FOR CONSIDERATION</u>	
6.1 <u>AC-C 4-2025</u> 2024 Audited Consolidated Financial Statements  A presentation will precede the consideration of this item.	3 - 111
7. <u>CONSENT ITEMS FOR INFORMATION</u>	
7.1 <u>AC-C 5-2025</u> 2023 Canadian Award for Financial Reporting	112 - 114
7.2 <u>AC-C 6-2025</u> Status Update on Internal Audit Engagements	115 - 119

7.3	<u>AC-C 7-2025</u> 2024 Niagara Peninsula Conservation Authority (NPCA) Financial Statements	120 - 143
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7.4	<u>AC-C 8-2025</u> Niagara Regional Housing 2024 Draft Audited Financial Statements	144 - 170
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*This item was forwarded to the Audit Committee for information by resolution of the Niagara Regional Housing Board of Directors at its meeting held on April 25, 2025.*

7.5	<u>JBM-C 2-2025</u> Court Services 2024 Draft Audited Schedule of Revenues, Expenses and Funds Available for Distribution	171 - 186
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*This item was forwarded to the Audit Committee for information by the Joint Board of Management - Niagara Courts, at its meeting held on April 17, 2025.*

8. OTHER BUSINESS

9. NEXT MEETING

The next meeting will be held on Monday, October 6, 2025, at 1:00 p.m. in the Council Chamber.

10. ADJOURNMENT

If you require any accommodations for a disability in order to attend or participate in meetings or events, please contact the Accessibility Advisor at 905-980-6000 ext. 3252 (office), 289-929-8376 (cellphone) or [accessibility@niagararegion.ca](mailto:accessibility@niagararegion.ca) (email).

# 2024 Consolidated Financial Statement Highlights

Audit Committee  
AC-C 4-2025  
May 20, 2025

Melanie Steele, Associate Director, Reporting and Analysis  
Carlos Alvarez, KPMG Audit Partner

# TWENTY24

## NIAGARA REGION

### Consolidated Financial Statement Highlights

Audit Committee

May 20, 2025



# Agenda



# Year-End Overview

Recap of reports presented during the year

Activity	2024	2023
Audit Planning Report	AC – Dec. 9, 2024	AC – Sept. 18, 2023
Q2 Financial Update	CSC – Sept. 11, 2024 Council – Sept. 26, 2024	CSC – Sept. 13, 2023 Council – Sept. 21, 2023
Q3 Financial Update	CSC – Dec. 4, 2024 Council – Dec. 12, 2024	CSC – Dec. 6, 2023 Council – Dec. 14, 2023
Year-End Results and Transfer Report	CSC – Mar. 5, 2025 Council – Mar. 20, 2025	CSC – Mar. 6, 2024 Council – Mar. 21, 2024
Audit Committee Review of Audited Financial Statements	May 20, 2025	May 21, 2024
Council Review of Audited Financial Statements	May 22, 2025	May 23, 2024

# Year-End Overview

## 2024 Statistics

**818** active  
Department IDs  
managed across  
**18** Lines of  
Business

**Journal  
Entries  
Approved**  
**2024 – 5,483**  
**2023 – 5,400**

**POs Greater  
Than \$25k**  
**2024 – 1,919**  
**2023 – 1,834**

**Invoices Paid**  
**2024 – 121,752**  
**2023 – 121,254**

Basis for **25**  
financial  
statement audit  
reports  
(including  
ABC's)

# Year-End Overview

## 2024 Audit Plan Highlights

### Risk Based Approach

- Significant risks were assessed and resulted in specific audit procedures

### Materiality

- Level at which we consider a misstatement could reasonably be expected to influence the economic decisions of users.
  - Set at \$36 million - determined based off total revenues
- Audit misstatements greater than \$1.8 million would be reported to Audit Committee

**Financial statements are free from material misstatements**

# Year-End Overview

## Presentation Reconciliation

Key highlights between what you see in the Budget vs. Audited PSAS\* Financial Statements

Budget Financials (Presented Quarterly)	Audited Financials (Presented Annually)
<b>Goal:</b> Setting taxes	<b>Goal:</b> Fairly state Region's consolidated financial position
Functional basis – General Levy, Special Levy, Rate, Capital	Canadian PSAS
Used for setting tax rates	Used for credit rating, annual report
Encumbrance accounting	Accrual accounting
Reserve accounting	Excludes reserve transfers
Excludes unfunded liabilities (i.e. employee future benefits, asset retirement obligations)	Includes all liabilities
Capital is based on funding sources	Capital is expensed through depreciation
Not consolidated	Consolidated
Budget created to manage at program level	Audited statements summarized at overall financial position

# Reconciliation of Surplus

Reconciliation of differences between year-end results and audited financial statements.

A detailed surplus reconciliation is found in Appendix 3 to report AC-C 4-2025

(in millions)	2024	2023
<b>Net operating surplus per Year-End Transfer Report CSD 8-2025</b>	\$17.7	\$7.2
Net capital activity	(45.1)	36.4
Net funding activity	166.1	148.9
Change in unfunded liabilities	(10.2)	(8.7)
<b>Audited financials (PSAS) surplus</b>	<b>\$ 128.5</b>	<b>\$183.8</b>

# Statement of Operations

## Revenues

Budget to Actual (in millions)		Change
Budgeted revenues per financial statements		\$1,448.9
Significant changes:		
Levies on area municipalities	Supplemental tax and payment-in-lieu of taxes	4.3
User charges	Increased fees collected across multiple programs	4.2
Government transfers (ON)	Mainly due to higher than budgeted social assistance caseload	9.1
Development charges earned	Attributed to timing in combined sewer overflow program grants	(6.6)
Investment income	Adjustment in methodology for recording interest income allocation for principal protected notes	(8.9)
Other/Miscellaneous	Variances related to overall program delivery and timing of land sales	11.2
<b>Actual Revenues</b>		<b>\$1,462.2</b>

# Statement of Operations

## Expenses

Budget to Actual (in millions)		Change
Budgeted expenses per financial statements		\$1,344.1
Significant changes:		
General Government	Mainly driven by a reduction in tax write offs related to settled and accrued assessment appeals and reduction in legal liability	(18.0)
Environmental services	Largely attributable to timing in combined sewer overflow grants	(18.7)
Social and family services	Mainly driven by higher than budgeted social assistance caseload and benefit issuances	19.0
Social housing	Due to timing of spend related to Rapid Housing Initiative	(2.4)
Planning and development	Variances in DC grants and exemptions related to agriculture, industrial and brownfield	8.8
Other/Miscellaneous	Variances in various different programs	0.9
Actual Expenses		\$1,333.7



# Statement of Financial Position

Employee Future Benefits (EFB) - Note 5) and  
Asset Retirement Obligations (ARO) - Note 7

(in millions)	2024			2023		
	EFB	ARO - Landfill	ARO – Asbestos and Leases	EFB	ARO - Landfill	ARO – Asbestos and Leases
Liability	\$ 151.4	\$ 131.1	\$9.2	\$ 141.0	\$ 140.4	\$10.7
Reserves	33.6	4.1	-	35.0	5.4	-
<b>Funded Status</b>	<b>22%</b>	<b>3%</b>	<b>0%</b>	<b>25%</b>	<b>4%</b>	<b>0%</b>

These liabilities are partially funded with reserves

2025 revised waste management reserve strategy validated adequacy of annual landfill liability reserve contributions over 212-year lifespan of landfills.

# Statement of Financial Position

## Long Term Liabilities (Note 9)

(in millions)	2024	2023	Change
Long-Term Liabilities			
Long-term debt	\$ 757.9	\$ 709.7	\$ 48.2
Less: Debt recoverable from LAMs	(365.5)	(343.5)	(22.0)
<b>Net Region long-term liabilities</b>	<b>\$ 392.4</b>	<b>\$ 366.2</b>	<b>\$ (30.5)</b>

(in millions)	Debt Issued in 2024	Debt Issued in 2023	Net Change
Region	\$ 60.3	\$ -	\$ 60.3
LAMs	57.0	43.2	13.8
<b>Long-term liabilities</b>	<b>\$ 117.3</b>	<b>\$ 43.2</b>	<b>\$ 74.1</b>

An additional \$433 million of debt is approved but unissued

# Next Steps

## Financial Statement Approval and Annual Report

### Consolidated Financial Statements

- Approved by Council
- Final audit report to be issued by KPMG

### Program Financial Audits

- Sent to Audit Committee for information
- Statements approved by Committee which oversees operations

### Annual Report

- To be published in June
- Submitted to GFOA: Canadian Award for Financial Reporting

# Audit Findings Report

Presented by: Carlos Alvarez, Partner, KPMG

- Audit findings report included (Appendix 2)
- Unqualified audit opinion
- No material items to report

# Questions?

**Melanie Steele, CPA, CA**  
**Associate Director, Reporting and Analysis**  
**Corporate Services**

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**Subject:** 2024 Audited Consolidated Financial Statements

**Report to:** Audit Committee

**Report date:** Tuesday, May 20, 2025

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## Recommendations

1. That the audited consolidated financial statements for the Regional Municipality of Niagara (the “Niagara Region”), including the sinking fund and trust fund financial statements, for the year ended December 31, 2024, presented in Appendix 1 to Report AC-C 4-2025, **BE APPROVED**;
2. That the audit findings report pertaining to the audited consolidated financial statements of the Niagara Region for the year ended December 31, 2024, presented in Appendix 2 to Report AC-C 4-2025, **BE RECEIVED** for information; and
3. That staff **BE DIRECTED** to co-ordinate with the auditors to finalize the statements as presented.

## Key Facts

- The purpose of this report is to comply with the Audit Committee Terms of Reference that the Audit Committee satisfy itself, on behalf of Regional Council, that Niagara Region’s annual consolidated financial statements are fairly presented in accordance with generally accepted accounting principles and to recommend to Council whether the annual financial statements should be approved.
- The requirement for an annual audit is established in the Municipal Act, 2001, S.O. 2001, c.25 paragraph 294.1.
- Niagara Region received an unqualified audit opinion which means that in the auditor’s opinion the financial statements present fairly, in all material respects, the financial position of the Niagara Region and the results of its operations.
- Year-end budget to actual results (funding surplus) were reported in CSD 8-2025, 2024 Year-End Results and Transfer Report, and are consistent with the results reported in the consolidated financial statements adjusted for accounting presentation required of Public Sector Accounting Standards (PSAS).
- The differences between the funding surplus and the financial statements surplus are reported to Committee and Council annually with the approval of the budget as required by Ontario Regulation, O. Reg 284/09.

## **Financial Considerations**

The consolidated financial statements have been prepared in compliance with legislation and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada. A draft copy of the Niagara Region's financial statements for the year ended December 31, 2024, is attached in Appendix 1 to Report AC-C 4-2025.

The Niagara Region budget to actual results (funding surplus or deficit) are prepared and reported on a quarterly basis and used as a tool to manage funding requirements whereas, the consolidated financial statements are prepared to comply with Public Sector Accounting Standards (PSAS). Appendix 3 to Report AC-C 4-2025 reconciles the surplus per the audited Consolidated Statement of Operations to the funding surplus based on the budget approach previously presented in Report CSD 8-2025, 2024 Year-End Results and Transfer Report.

## **Analysis**

The audit of the consolidated financial statements of the Niagara Region, including the sinking fund and trust fund financial statements, for the year ended December 31, 2024, have been audited by Niagara Region's external auditor (KPMG LLP). KPMG's full audit findings report can be found as Appendix 2 to Report AC-C 4-2025. KPMG has indicated that in their opinion, the financial statements present fairly, in all material respects, the financial position of the Niagara Region and the results of its operations.

The consolidated financial statements as of December 31, 2024, include:

- Consolidated Statement of Financial Position
- Consolidated Statement of Operations and Accumulated Surplus
- Consolidated Statement of Changes in Net Debt
- Consolidated Statement of Cash Flows
- Notes to the consolidated financial statements

The sinking fund financial statements:

- In June 2010, Niagara Region issued sinking fund debentures by way of by-law 76-2010. The first payment into the sinking fund occurred in June 2011. The Municipal Act, 2001, S.O. 2001, c.25 paragraph 409.6 requires the municipal auditor to certify the balance in the sinking fund each year.

The trust Fund financial statements:

- As per Ontario Regulation 79/10, section 241.(10) of the Long-Term Care Homes Act, 2007, every licensee of a long-term care home must have each resident account audited annually.

The consolidated financial statements are prepared using PSAS, making them comparable to other municipalities in Canada.

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, as well as the accumulated surplus of the consolidated Niagara Region operations. This includes all organizations, committees and local boards accountable for the administration of their financial affairs and resources to Niagara Region and which are owned and controlled by the Region. These entities and organizations are wholly consolidated and include:

- Niagara Regional Housing
- Court Services
- Niagara Regional Police Services
- Niagara Transit Commission

Separate audited financial statements of Niagara Regional Housing and Court Services as required by the Housing Services Act and the Niagara Region Courts Inter-Municipal agreement were approved by their respective boards on April 17, 2025 and April 25, 2025 and have been provided to Audit Committee for information as separate reports as required by C-F-020 Financial Reporting and Forecasting Policy. The Niagara Regional Police Services and Niagara Transit Commission have no separate audit requirements and are audited as part of the consolidated financial statements presented.

The consolidated statements also reflect the proportionate consolidation of the Canada Games Park facility in which the Region holds a 25% ownership interest. The four-member consortium group consists of the Region, City of St. Catharines, City of Thorold and Brock University. The consortium partners management committee approved their separate audited financial statements on April 9, 2025 and these formed the basis for the Region's proportionate consolidation.

In accordance with Canadian Auditing Standards, the consolidated financial statements will be dated on the date in which the recognized authority with respect to the financial statements has approved the financial statements and all other procedures are complete. In the case of Niagara Region, this authority lies with Council, and as such, the signed Auditor's report will be received on the date when the financial statements are approved by Council. Until that approval is received, the consolidated financial statements are marked as draft.

Upon completion of the 2024 Annual Report, which contains the consolidated financial statements, the financial statements will be available to the public on the Niagara Region website:



## **Annual Reports**

(<https://niagararegion.ca/government/budget/past-budgets/default.aspx> )

## **Alternatives Reviewed**

The consolidated financial statements are prepared using PSAS and the annual audit is a requirement of the Municipal Act, therefore no alternatives were reviewed.

## **Relationship to Council Strategic Priorities**

Council Strategic Priority: Effective Region

Objective 1.3 – Deliver fiscally responsible and sustainable core services.

## **Other Pertinent Reports**

### **CSD 43-2024 Q2 2024 Financial Update**

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=a6c5e2bd-d88f-4811-ad69-4050055c83d4&Agenda=Agenda&lang=English&Item=12&Tab=attachments>)

### **CSD 62-2024 Q3 2024 Financial Update**

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=eaafe636-7b8e-4ce4-a2dd-a44dd3535c32&Agenda=Agenda&lang=English&Item=16&Tab=attachments>)

### **CSD 8-2025 2024 Year-End Results and Transfer Report**

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=fcdaca46-5a21-4026-ad32-d0836ea36bef&Agenda=Agenda&lang=English&Item=14&Tab=attachments>)

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#### **Prepared by:**

Melanie Steele, CPA, CA  
Associate Director, Reporting & Analysis  
Corporate Services

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#### **Recommended by:**

Dan Carnegie  
Acting Commissioner/Treasurer  
Corporate Services

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#### **Submitted by:**

Ron Tripp, P.Eng.  
Chief Administrative Officer

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This report was prepared in consultation with Cailyn McLean, Corporate Reporting Supervisor and Melissa Raquion, Director, Financial Management & Planning/Deputy Treasurer.

## **Appendices**

Appendix 1	Draft 2024 Consolidated Financial Statements
Appendix 2	2024 KPMG Audit Findings Report
Appendix 3	Annual Surplus Reconciliation 2024

Financial Statements

# **The Regional Municipality of Niagara**

December 31, 2024

DRAFT

# THE REGIONAL MUNICIPALITY OF NIAGARA

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# 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 KPMG 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.

Dan Carnegie,

Commissioner of Corporate Services/Treasurer

[Date]



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Commerce Place  
80 King Street, Suite 260  
St. Catharines Ontario L2R 7G1  
Canada  
Telephone (905) 685 4811  
Fax (905) 682 2008

## INDEPENDENT AUDITORS' REPORT

To the Members of Council of the Regional Municipality of Niagara

### Opinion

We have audited the consolidated financial statements of the Regional Municipality of Niagara (the "Region") which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations for the period ended December 31, 2024
- the consolidated statement of change in net debt for the period ended December 31, 2024
- the consolidated statement of cash flows for the period ended December 31, 2024
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements for the year-ended December 31, 2024 is prepared, in all material respects, in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Other Matter

The financial statements of the Regional Municipality of Niagara as at and for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 23, 2024.

## **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. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Region's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

[Date]

# THE REGIONAL MUNICIPALITY OF NIAGARA

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024 (In thousands of dollars)

	2024	2023
<b>FINANCIAL ASSETS</b>		
Cash	\$ 157,703	\$ 107,166
Investments (note 3)	910,922	845,442
Accounts receivable (note 4)	138,902	125,519
Other assets	727	1,030
Debt recoverable from others (note 9(e))	365,485	343,472
	<b>1,573,739</b>	<b>1,422,629</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	207,360	217,859
Employee future benefits and post-employment liabilities (note 5)	\$ 151,355	\$ 140,995
Deferred revenue (note 6)	\$ 456,306	386,326
Asset retirement obligations (note 7)	140,275	151,110
Contaminated sites liability (note 8)	3,563	576
Long-term liabilities (note 9)	\$ 757,934	709,742
Capital lease obligation (note 10)	4,018	4,082
	<b>1,720,811</b>	<b>1,610,690</b>
Net debt	<b>(147,072)</b>	<b>(188,061)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 11)	2,480,258	2,396,341
Inventory	12,928	13,702
Prepaid expenses	30,494	26,848
Other investment	1,575	875
	<b>2,525,255</b>	<b>2,437,766</b>
Accumulated surplus (note 12)	\$ 2,378,183	\$ 2,249,705

Commitments (note 14)

Contingent liabilities (note 15)

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, 2024 (In thousands of dollars)

	2024 Budget	2024 Actual	2023 Actual
	(note 20)		
<b>REVENUES</b> (note 19)	blank	blank	blank
Taxation and user charges:			
Levies on area municipalities	\$ 604,734	\$ 609,064	\$ 568,943
User charges	241,625	245,793	232,699
	846,359	854,857	801,642
Government transfers (note 18):			
Government of Canada	40,685	42,121	42,855
Province of Ontario	464,032	473,148	439,613
Other municipalities	856	1,038	1,123
	\$ 505,573	516,307	483,591
Other:			
Development charges earned	42,215	35,602	51,512
Investment income	23,413	14,481	16,728
Provincial offences	9,909	11,791	8,111
Contributed tangible capital assets	6,629	6,633	78,106
Miscellaneous	14,813	22,490	25,245
	96,979	90,997	179,702
<b>Total revenues</b>	<b>1,448,911</b>	<b>1,462,161</b>	<b>1,464,935</b>
<b>EXPENSES</b> (note 19)			
General government	49,129	31,158	50,272
Protection to persons and property	248,018	251,378	228,939
Transportation services	162,917	159,784	150,912
Environmental services	188,706	169,979	182,434
Health services	137,716	138,094	141,821
Social and family services	433,006	452,008	401,646
Social housing	83,477	81,105	80,579
Recreation services	1,877	2,194	1,801
Planning and development	39,204	47,983	42,757
<b>Total expenses</b>	<b>1,344,050</b>	<b>1,333,683</b>	<b>1,281,161</b>
Annual surplus	104,861	128,478	183,774
Accumulated surplus, beginning of year	2,249,705	2,249,705	2,065,931
Accumulated surplus, end of year	\$ 2,354,566	\$ 2,378,183	\$ 2,249,705

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, 2024 (In thousands of dollars)

	2024 Budget (note 20)	2024 Actual	2023 Actual
<b>Annual surplus</b>	<b>\$ 104,861</b>	<b>\$ 128,478</b>	<b>\$ 183,774</b>
Acquisition of tangible capital assets	(197,857)	(197,857)	(341,426)
Contributed tangible capital assets	(6,633)	(6,633)	(78,106)
Amortization of tangible capital assets	120,387	120,387	107,678
Loss on disposal/(Gain on sale) of tangible capital assets	111	111	(498)
Net proceeds on sale of tangible capital assets	75	75	13,165
Change in inventory	-	774	(3,135)
Change in prepaid expenses	-	(3,646)	(5,064)
Change in other investment	-	(700)	875
Change in net debt	20,944	40,989	(124,487)
Net debt, beginning of year	\$ (188,061)	(188,061)	(63,574)
<b>Net debt, end of year</b>	<b>\$ (167,117)</b>	<b>\$ (147,072)</b>	<b>\$ (188,061)</b>

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, 2024 (In thousands of dollars)

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 128,478	\$ 183,774
Items not involving cash:		
Amortization of tangible capital assets	120,387	107,678
Loss on disposal/(Gain on sale) of tangible capital assets	111	(498)
Contributed tangible capital assets	(6,633)	(78,106)
(Abatement)/Accretion of asset retirement obligation	(2,670)	3,689
Change in employee future benefits and post-employment liabilities	\$ 10,360	9,089
Change in asset retirement obligations	(8,165)	-
Change in contaminated sites liability	2,987	-
Change in non-cash assets and liabilities (note 21)	43,529	55,861
Net change in cash from operating activities	288,384	281,487
<b>CAPITAL ACTIVITIES</b>		
Net proceeds on sale of tangible capital assets	75	13,165
Acquisition of tangible capital assets	(197,857)	(271,741)
Net change in cash used in capital activities	(197,782)	(258,576)
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposals and redemptions of investments	227,188	18,375
Purchase of investments	(293,368)	(32,396)
Net change in cash used in investing activities	(66,180)	(14,021)
<b>FINANCING ACTIVITIES</b>		
Capital lease payments	(64)	(63)
Proceeds on long-term liabilities issued and assumed	60,299	6,258
Repayments of long-term liabilities	(31,450)	(34,167)
Increase in sinking fund assets	(2,670)	(2,498)
Net change in cash from (used in) financing activities	26,115	(30,470)
Net change in cash	50,537	(21,580)
Cash, beginning of year	107,166	128,746
<b>Cash, end of year</b>	<b>\$ 157,703</b>	<b>\$ 107,166</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended December 31, 2024 (In thousands of dollars)

	2024	2023
Cash paid for interest	\$ 13,213	\$ 14,134
Cash received from interest	9,263	20,478
Investing and financing activities on behalf of others:		
Debt issued on behalf of others	57,000	43,159
Repayment made on behalf of others	34,806	35,108

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

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# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (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”). A statement of remeasurement gains and losses has not been presented as there are no items to report.

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

Niagara Transit Commission

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

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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

#### ii) Investment in Consortium:

The Region, together with the City of St. Catharines, City of Thorold and Brock University, participates in a consortium ownership arrangement in respect of the newly constructed Canada Games Park facility. Each of the four (4) consortium members have a twenty-five percent (25%) ownership interest in the facility; however, the Region only has financial participation in the capital costs of the facility. The consortium is accounted for under the proportionate consolidation method. The Region accounts for its interest in the consortium on a line-by-line basis in the financial statements and eliminates any inter-organizational transactions and balances.

#### iii) 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.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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

#### (c) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

#### (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	- Vehicles 3 – 20
	- Machinery and equipment 3 – 60
Water and wastewater infrastructure	25 – 100
Roads infrastructure	- 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.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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

#### (c) Non-financial assets (continued):

##### (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.

##### (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.

#### (d) 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.

#### (e) 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.



# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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

#### (f) 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.

#### (g) 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 reasonably estimated.

#### (h) Investment income:

Investment income earned on surplus current fund, capital fund, reserves and reserve funds are reported as revenue in the period earned. Investment income earned on deferred development charge and gas tax balances is added to forms part of the deferred development charge and gas tax balances.

#### (i) 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 \$20,283 (2023 - \$14,738) and is not reflected in these consolidated financial statements.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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

#### (j) Tangible capital assets held for sale:

Tangible capital assets which meet the criteria for financial assets are included in "Other assets" 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.

#### (k) Employee future benefits and post-employment liabilities:

(i) The Region provides certain employee benefits which will require funding in future periods. These benefits are actuarially determined using management's best estimate of salary escalation, earned days accumulated for certain employees payable at retirement, health care cost trends, long term inflation rates and discount rates. For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

(ii) For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

(iii) The costs of multi-employer defined benefit pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period. OMERS has been accounted for as a defined contribution plan since it is a multi-employer plan.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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

#### (l) Asset retirement obligations:

Asset Retirement Obligations (“ARO”) represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use. The tangible capital assets (TCA) include but are not limited to assets in productive use, assets no longer in productive use, and leased tangible capital assets.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for the Region to incur costs in relation to a specific TCA, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized for underlying assets that have been recorded and reported within the TCA values presented in the consolidated financial statements. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to ensure that the time value of money is considered when recognizing outstanding liabilities at each reporting date. This is referred to as accretion. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates. In circumstances when the underlying asset is fully depreciated, the ARO will be amortized over the estimated future life until the cash disbursement is made in the future to settle the obligation.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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

#### (l) Asset retirement obligations (continued):

At remediation, the Region derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the ARO and corresponding estimates that were made and are recognized in the consolidated statement of operations.

#### (m) Financial Instruments

The Region's financial instruments include cash, accounts receivable, investments, other assets, accounts payable and accrued liabilities, and long-term liabilities. All financial asset instruments are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement remeasurement gains and losses. The measurement basis for cash, accounts receivable, accounts payable and accrued liabilities is cost. The measurement basis for investments and long-term liabilities is amortized cost.

#### (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, asset retirement obligations, 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.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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### 2. Adoption of New Public Sector Accounting Standards:

On January 1, 2024, The Region adopted the following accounting standards:

#### PS 3400 – Revenue

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

#### PSG-8 – Purchased Intangibles

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

#### PS 3160 – Public Private Partnerships

Public Private Partnerships provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no significant impact on the consolidated financial statements of the Region as a result of the adoption of these standards.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

### 3. Investments:

Investments consist of bonds and money market notes and are reported on the consolidated statement of financial position at the lower of cost or at market value in the case of a permanent decline in value, as follows:

	2024		2023	
	Cost	Market Value	Cost	Market Value
Schedule I Canadian Banks	\$ 461,148	\$ 462,145	\$ 401,780	\$ 377,075
Canadian Municipalities	97,093	95,450	96,949	93,196
Provincial Governments	347,744	334,963	346,713	326,384
Federal Governments	4,937	4,971	-	-
Investments	\$ 910,922	\$ 897,529	\$ 845,442	\$ 796,655

The Region has purchased \$3,378 (2023 - \$3,378) 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 \$19,492 (2023 - \$22,404). Coupon rates for these debentures ranged from 3.30% to 3.40%. Since the Region holds its investments to maturity, they have not been written down to market value which have declined due to increases in market interest rates.

### 4. Accounts receivable:

Accounts receivable are reported net of a valuation allowance of \$1,061 (2023 - \$1,033).

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

### 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.

	2024	2023
Workplace Safety & Insurance Board	\$ 78,353	\$ 69,759
Accumulated Sick Leave	6,434	7,464
Retiree benefits	48,006	45,640
Vacation pay	12,683	12,413
Other post-employment liabilities	\$ 5,879	5,719
Total employee future benefits and post-employment liabilities	\$ 151,355	\$ 140,995

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

	2024	2023
Niagara Regional Police Services	\$ 77,319	\$ 74,240
Niagara Transit Commission	2,372	1,015
Niagara Region	71,664	65,740
Total	\$ 151,355	\$ 140,995

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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

The Region has established reserves 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 consolidated financial statements, the plans are considered unfunded. These reserves are presented in the consolidated statement of financial position within accumulated surplus. Reserves relating to these liabilities are summarized by entity below:

	2024	2023
Niagara Regional Police Services	\$ 8,652	\$ 8,652
Niagara Transit Commission	489	1,595
Niagara Region	24,454	24,704
Total (note 12)	\$ 33,595	\$ 34,951



# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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

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

<b>2024</b>				
	Niagara Regional Police	Niagara Transit Commission	Niagara Region	<b>Total</b>
Accrued benefit obligation:				
Balance, beginning of year	\$ 85,046	\$ 1,015	\$80,541	\$ 166,602
Current benefit cost	6,505	1,495	9,675	17,675
Interest	2,494	70	2,089	4,653
Benefits paid	\$ (7,161)	(208)	(7,428)	(15,097)
Net	86,884	2,372	84,577	173,833
Unamortized actuarial loss	(9,565)	-	(12,913)	(22,478)
Liability	\$ 77,319	\$ 2,372	\$ 71,664	\$ 151,355
<b>2023</b>				
	Niagara Regional Police	Niagara Transit Commission	Niagara Region	<b>Total</b>
Accrued benefit obligation:				
Balance, beginning of year	\$ 83,179	\$ -	\$77,485	\$ 160,664
Current benefit cost	6,504	55	8,540	15,099
Assumed from others	-	958	-	958
Interest	2,443	32	1,982	4,457
Benefits paid	(7,080)	(30)	(7,466)	(14,576)
Net	85,046	1,015	80,541	166,602
Unamortized actuarial loss	(10,806)	-	(14,801)	(25,607)
Liability	\$74,240	\$1,015	\$65,740	\$140,995

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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

Included in expenses is \$3,145 (2023 - \$3,131) for amortization of the actuarial loss. The unamortized actuarial loss is amortized over the expected average remaining service life as listed below:

Accumulated Sick Leave Benefit Plan entitlement	1 - 10 years
Retiree benefits	10 - 14 years
WSIB	7 – 10 years

The most recent actuarial valuation was completed as at December 31, 2021 with estimates to December 31, 2024.

#### 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 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, 2024 and the expense for the year ended December 31, 2024, were determined using a discount rate of 3.00% (2023 – 3.00%).

#### Administration costs

Administration costs were assumed to be 27% (2023 – 27%) 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 1.25% per annum (2023 – 1.25%).

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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

#### ***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, 2024, of the present value of future liabilities and the expense for the year ended December 31, 2024, were determined using a discount rate of 3.25% (2023 – 3.25%).

#### ***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 main actuarial assumptions employed for the valuations are as follows:

#### Discount rate

The obligation as at December 31, 2024, of the present value of future liabilities and the expense for the year ended December 31, 2024, were determined using a discount rate of 3.25% (2023 - 3.25%).

#### Medical costs

Medical costs were assumed to increase at the rate of 3.42% (2023 – 3.42%) per year, reducing to 2.75% in 2025 and thereafter.

#### Dental costs

Dental costs were assumed to increase at the rate of 2.75% (2023 – 2.75%) per year.

#### Inflation

Inflation was assumed to be 1.75% (2023 – 1.75%) per year.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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

#### 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 2024 with a funding deficit of \$2.9 billion (2023 - \$4.2 billion). The funded ratio increased to 98% in 2024 (2023 - 97%). Unfunded liabilities may require additional increases in future contributions if actuarial surpluses are not available to offset the existing deficit.

The amount contributed to OMERS for 2024 was \$39,767 (2023 - \$37,350) for current service and is included as an expense on the consolidated statement of operations. Employees' contribution to OMERS in 2024 were \$39,735 (2023 - \$37,315).

Contributions for employees with a normal retirement age of 65 were being made at rate of 9.0% (2023 - 9.0%) for earnings up to the yearly maximum pensionable earnings of \$68.5 (2023 - \$66.6) and at a rate of 14.6% (2023 - 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% (2023 - 9.2%) and 15.8% (2023 - 15.8%) respectively.

### 6. Deferred revenue:

The Region records as deferred revenues funds received where 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 East Side Employment Lands Water and Wastewater servicing projects.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

### 6. Deferred revenue (continued):

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

	2024	2023
Development charges	\$ 344,665	\$ 272,981
Gas tax	67,889	62,991
	<b>412,554</b>	<b>335,972</b>
Investing in Ontario Grant	10,617	10,617
Other deferred revenue	33,135	39,737
Balance, end of year	\$ 456,306	\$ 386,326

The continuity of Development charges and Gas tax Deferred Revenue are summarized below:

#### Development charges:

	2024	2023
Balance, beginning of year	\$ 272,981	\$ 254,137
Assumed from others	-	2,994
Externally restricted inflows	96,479	62,155
Revenue earned	(37,357)	(51,512)
Investment income	12,562	5,207
Balance, end of year	\$ 344,665	\$ 272,981

#### Gas tax:

	2024	2023
Balance, beginning of year	\$ 62,991	\$ 50,554
Assumed from others	-	9,380
Externally restricted inflows	20,382	17,278
Revenue earned	(18,488)	(16,581)
Investment income	3,004	2,360
Balance, end of year	\$ 67,889	\$ 62,991

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

### 7. Asset Retirement Obligations:

The Asset Retirement obligations reported on the consolidated statement of financial position, are comprised of the following:

	2024	2023
Asbestos	\$ 5,955	\$ 7,480
Landfills	131,142	140,432
Leases	3,178	3,198
Balance, end of year	\$ 140,275	\$ 151,110

#### Asbestos:

The Region owns buildings which contain asbestos, and therefore, the Region is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are an abatement cost between 2025 and 2068 of \$8,160. The estimated total liability of \$5,955 (2023 - \$7,480) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4.25 (2023 - 3.25%) and assuming annual inflation of 2.00% (2023 - 1.75%). The Region has not designated funds for settling the abatement activities.

Asbestos	2024	2023
Balance, beginning of year	\$ 7,480	\$ 7,245
Adjustment for updated assumptions	(1,691)	-
Accretion expense	166	235
Balance, end of year	\$ 5,955	\$ 7,480

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

### 7. Asset Retirement Obligations (Continued):

#### Landfills:

The Region owns and monitors 14 landfill sites, two of which are open and operating. The liability for 2024 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.

Landfill closure and post-closure care requirements have been defined in accordance with The Environmental Management and Protection Act and include final covering and landscaping of the landfill, pumping of ground water, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The 2024 reported liability is based on estimates and assumptions with respect to events extending over a 212-year period using the best information available to management. Undiscounted future cash flows expected are an abatement cost between 2025 and 2236 of \$2,318,156. The estimated total liability of \$131,143 is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4.25% (2023 - 3.25%) and assuming annual inflation of 2.00% (2023 - 1.75%). Future events may result in significant changes to the estimated total expense, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The Region has a landfill reserve which is dedicated for costs relating to settling closure and post-closure care liabilities. As of December 31, 2024 the reserve balance is \$4,116 (2023 - \$5,398).

Landfill Obligation	2024	2023
Balance, beginning of year	\$ 140,432	\$ 137,079
Adjustment for updated assumptions	(6,444)	-
(Abatement)/Accretion expense	(2,846)	3,353
Balance, end of year	\$ 131,142	\$ 140,432

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

### 7. Asset Retirement Obligations (Continued):

#### Leases:

The Region has entered into lease agreements for land and facilities. Upon termination of the lease agreements, the Region must sever and remove all structures from the land or return the space to its original state. Undiscounted future cash flows expected are a demolition cost between 2031 and 2054 of \$3,500. The estimated total liability of \$3,178 (2023 - \$3,198) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4.25% (2023 - 3.25%) and assuming annual inflation of 2.00% (2023 - 1.75%). The Region has not designated funds for settling the abatement activities.

Lease	2024	2023
Balance, beginning of year	\$ 3,198	\$ 3,096
Adjustment for updated assumptions	\$ (30)	-
Accretion expense	\$ 10	102
Balance, end of year	\$ 3,178	\$ 3,198



# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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### 8. Contaminated site liability:

A liability for the remediation of a contaminated site is recognized as the best estimate of the amount required to remediate the contaminated site 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. As there is no current legal obligation to remediate the site it is not considered an asset retirement obligation. 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, 2024, the Region has recognized a liability for a contaminated site of \$3,563 (2023 - \$576) in the consolidated financial statements. The liability was estimated by management based on the estimated costs required to remediate the contamination. These estimated costs include consultant fees, lab analyses costs, excavation, backfilling, and disposal costs. Design for the decommissioning of the site will be completed in 2025 and the remediation is planned to occur in 2028 or later and is subject to Council approval.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

### 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 comprised of the following:

	2024	2023
Long-term liabilities incurred by the Region	\$ 786,191	\$ 735,328
Less: Sinking fund assets	(28,257)	(25,586)
Long-term debt	\$ 757,934	\$ 709,742
Debt recoverable from others net of sinking fund assets (long-term liabilities incurred by the Region for which other entities have assumed responsibility)	(365,485)	(343,472)
Net long-term debt, end of year	\$ 392,449	\$ 366,270

- (b) The long-term liabilities in (a) issued in the name of the Region have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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

- (c) The Region issued sinking fund debentures of \$78,079 payable on June 30, 2040 and bearing interest at the rate of 5.2% per annum. The sinking fund debentures are included in long-term liabilities in (a) and include \$9,333 borrowed on behalf of the City of St. Catharines and shown as debt recoverable from others. The City of St. Catharines share of the sinking fund assets have been removed from the debt recoverable from others in (a). Annual principal payments into the sinking fund of \$1,512 are due June 30 of each year. These payments are reflected as principal repayments in (e).
- (e) The Region is contingently liable for long-term liabilities with respect to debt issued for area municipalities, tile drainage and shoreline property assistance. The total amount outstanding as at December 31, 2024 is \$365,485 (2023 - \$343,472) and is reported on the consolidated statement of financial position as debt recoverable from others.
- (f) Principal payments to be funded by the Region, including sinking fund payments, due in each of the next five years are as follows:

	2024
2025	\$ 32,240
2026	28,152
2027	25,190
2028	23,863
2029	22,306
Thereafter	260,698
Principal payments	\$ 392,449

Total interest on net long-term liabilities which are reported on the consolidated statement of operations amounted to \$13,516 in 2024 (2023 - \$13,804). The long-term liabilities bear interest at rates ranging from 0.95% to 4.20%. 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, 2024 (In thousands of dollars)

### 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% which was the discount rate at the initial recognition of the capital lease.

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:

	2024
2025	\$ 216
2026	216
2027	216
2028	216
2029	382
Thereafter	4,979
Total minimum lease payments	\$ 6,225
Less: amount representing implicit interest at 3.75%	(2,207)
Capital lease obligation	\$ 4,018

In 2024, interest of \$152 (2023 - \$154) 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, 2024 is \$6,379 (Land - \$800, Building - \$5,579) and accumulated amortization of leased tangible capital assets at December 31, 2024 is \$767 (2023 - \$628). 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, 2024 (In thousands of dollars)

11. Tangible capital assets:

2024								
	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	\$ 244,828	\$ 197,884	\$ 989,810	\$ 818,484	\$ 429,888	\$ 936,445	\$ 395,228	\$ 4,012,567
Additions/transfers	1,139	29,507	114,694	71,498	31,602	50,562	(86,382)	212,620
Asset retirement obligations	-	(6,454)	(1,708)	(3)	-	-	-	(8,165)
Disposals	-	-	(50)	(4,465)	-	-	-	(4,515)
<b>Balance, end of year</b>	<b>245,967</b>	<b>220,937</b>	<b>1,102,746</b>	<b>885,514</b>	<b>461,490</b>	<b>987,007</b>	<b>308,846</b>	<b>4,212,508</b>
<b>Accumulated Amortization</b>								
Balance, beginning of year	-	70,767	480,728	496,800	111,147	456,784	-	1,616,226
Disposals	-	-	(17)	(4,346)	-	-	-	(4,363)
Amortization expense	-	6,627	34,017	43,876	6,489	29,378	-	120,387
<b>Balance, end of year</b>	<b>-</b>	<b>77,394</b>	<b>514,728</b>	<b>536,330</b>	<b>117,636</b>	<b>486,162</b>	<b>-</b>	<b>1,732,250</b>
<b>Net Book Value, end of year</b>	<b>\$ 245,967</b>	<b>\$ 143,543</b>	<b>\$ 588,018</b>	<b>\$ 349,184</b>	<b>\$ 343,854</b>	<b>\$ 500,845</b>	<b>\$ 308,846</b>	<b>\$ 2,480,258</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

11. Tangible capital assets (continued):

2023								
	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	\$ 237,154	\$ 128,391	\$ 933,461	\$ 728,754	\$ 424,419	\$ 913,262	\$ 280,584	\$ 3,646,455
Additions/transfers	11,401	9,708	55,295	119,414	5,469	33,915	114,644	349,846
Asset retirement obligations	-	61,346	8,021	351	-	-	-	69,718
Disposals	(4,157)	(1,561)	(6,967)	(30,035)	-	(10,732)	-	(53,452)
<b>Balance, end of year</b>	<b>244,828</b>	<b>197,884</b>	<b>989,810</b>	<b>818,484</b>	<b>429,888</b>	<b>936,445</b>	<b>395,228</b>	<b>4,012,567</b>
<b>Accumulated Amortization</b>								
Balance, beginning of year	-	65,456	453,227	486,030	104,962	439,626	-	1,549,301
Disposals	-	(1,216)	(4,003)	(24,802)	-	(10,732)	-	(40,753)
Amortization expense	-	6,527	31,504	35,572	6,185	27,890	-	107,678
<b>Balance, end of year</b>	<b>-</b>	<b>70,767</b>	<b>480,728</b>	<b>496,800</b>	<b>111,147</b>	<b>456,784</b>	<b>-</b>	<b>1,616,226</b>
<b>Net Book Value, end of year</b>	<b>\$ 244,828</b>	<b>\$ 127,117</b>	<b>\$ 509,082</b>	<b>\$ 321,684</b>	<b>\$ 318,741</b>	<b>\$ 479,661</b>	<b>\$ 395,228</b>	<b>\$ 2,396,341</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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

#### (a) Work in progress

Work in progress of \$308,846 (2023 - \$395,227) has not been amortized. Amortization of these assets will commence when the asset is put into service.

#### (b) Contributed tangible capital assets

Contributed capital assets are recognized at fair market value at the date of contribution. Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned. The value of contributed assets transferred to the Region during the year is \$6,633 (2023 - \$84,364).

#### (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 (2023 – \$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.

#### (e) Assets held for sale

Included in other assets are tangible capital assets held for sale in the amount of \$400 (2023 - \$400).

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

### 12. Accumulated Surplus:

Accumulated surplus consists of balances as follows:

	2024	2023
Surplus:		
Invested in tangible capital assets	\$ 2,083,791	\$ 2,025,989
Capital fund – unexpended capital financing	308,908	255,276
Operating fund	(9,657)	(10,524)
Canada summer games park	24,281	24,416
Unfunded		
Asset retirement obligations	(140,275)	(151,110)
Contaminated sites	(3,563)	(576)
Employee future benefits and post-employment liabilities	(149,843)	(139,546)
Total surplus	2,113,642	2,003,925
Reserves set aside by Council:		
Circle route initiatives	1,133	1,133
Hospital contribution	14,965	12,750
Employee benefits	33,595	34,951
Encumbrances	11,851	14,358
General capital levy	17,405	27,292
Niagara Regional Housing	11,706	16,837
Court Services facilities renewal	4,301	4,101
Public liability self-insurance	2,270	2,270
Taxpayer relief reserve	38,537	36,602
Waste management	38,269	32,139
Wastewater	27,659	14,221
Water	48,447	34,466
Landfill liability	4,116	5,398
Niagara Transit Commission	5,258	3,547
Other reserves	5,029	5,715
Total reserves	264,541	245,780
Total accumulated surplus	\$ 2,378,183	\$ 2,249,705



# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

### 13. Trust funds:

Trust funds administered by the Region amounting to \$1,212 (2023 - \$1,021) 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 \$418,755 (2023 - \$352,587) for capital projects. These costs include holdbacks. The holdbacks related to work completed as of December 31, 2024 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 \$702 (2023 - \$1,806). Annual payments of \$397 (2023 - \$1,216) 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:

	2024
2025	\$ 1,827
2026	1,176
2027	721
2028	405
2029	427
Thereafter	471
	<b>\$ 5,027</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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### 14. Commitments (continued):

(e) The Region has agreed to administer a capital fund on behalf of the Canada Games Park Consortium agreement. At December 31, 2024 funds of \$3,644 are being held by the Region on behalf of the 3 other partners and invested through the Region's investment portfolio. At the request of the partners and in alignment with the agreement, these funds could be returned on demand.

### 15. Contingent liabilities:

At December 31, 2024, 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 \$2,654 (2023 - \$8,720) has been made for those claims not expected to be covered by insurance.

### 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 \$25,000 per occurrence for all Public Health Units, EMS and all health operations including; care homes, seniors services, community services, homeless shelters, and police services, and \$50,000 per occurrence for all other claims.

The Region has a reserve for allocated self-insurance claims which as at December 31, 2024 amount to \$2,270 (2023 - \$2,270) (note 12) and is reported on the consolidated statement of financial position under accumulated surplus. An amount of \$nil (2023- \$nil) has been transferred from this reserve fund in the current year.

Recoveries applied against operations in the current year amounted to \$4,698 (Payments charged 2023 - \$1,455).

### 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 \$29,644 (2025 - \$25,247).

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

### 18. Government transfers:

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

	Budget	2024	2023
Revenue:			
Government of Canada:			
General government	\$ 140	\$ 140	\$ -
Transportation services	16,914	16,647	16,919
Environmental services	786	786	280
Social and family services	6,739	9,379	4,257
Social housing	15,905	14,991	21,411
Planning and development	201	178	(12)
	40,685	42,121	42,855
Province of Ontario:			
General government	789	790	1,515
Protection to persons and property	13,919	14,328	11,051
Transportation services	4,852	3,237	7,356
Environmental services	982	982	123
Health services	80,894	84,112	88,582
Social and family services	353,683	361,346	322,933
Social housing	8,913	8,353	8,078
Planning and development	-	-	(25)
	464,032	473,148	439,613
Other municipalities:			
General government	206	392	119
Protection to persons and property	354	322	350
Environmental services	-	28	-
Social housing	-	-	380
Recreation services	246	246	227
Planning and development	50	50	47
	856	1,038	1,123
Total revenues	\$ 505,573	\$ 516,307	\$ 483,591

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (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. Transportation also includes public transportation services provided within the Region by the Niagara Region Transit.

(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.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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### 19. Segmented information (continued):

(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.

(vii) Social housing:

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

(viii) Recreation Services:

The amounts reported reflect the Region’s participation in the consortium for the operations of Canada Summer Games Park

(ix) 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 not allocated and reported in general government and environmental services. 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 REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

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### **19. Segmented information (continued):**

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, 2024 (In thousands of dollars)

2024										
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation services	Planning and development	Total
Revenues:										
Levies on area municipalities	\$ 504,146	-	\$ 59,015	\$ 45,903	-	-	-	-	-	\$ 609,064
User charges	1,202	8,125	24,734	162,515	652	26,726	19,412	509	1,918	245,793
Government transfers	1,323	14,649	19,883	1,796	84,112	370,725	23,345	246	228	516,307
Development charges earned	4,981	632	12,732	15,801	416	-	666	-	374	35,602
Investment income	14,168	-	-	-	-	-	313	-	-	14,481
Provincial offenses	-	11,791	-	-	-	-	-	-	-	11,791
Miscellaneous	12,934	1,439	5,846	5,756	389	1,805	799	68	87	29,123
Total revenues	538,754	36,636	122,210	231,771	85,569	399,256	45,535	823	2,607	1,462,161
Expenses:										
Salaries, wages and employee benefits	6,669	204,837	67,724	37,911	114,171	162,162	7,715	352	7,904	609,445
Operating expenses	629	24,286	49,037	94,662	19,486	142,631	24,236	465	2,175	357,607

2024										
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation services	Planning and development	Total
External transfers	3,912	11,079	62	2,170	-	140,435	36,735	-	37,904	232,297
Debt services	13,364	-	-	-	153	-	-	-	-	13,517
Amortization	6,584	11,138	42,936	35,233	4,246	6,780	12,419	1,051	-	120,387
Miscellaneous	-	38	25	3	38	-	-	326	-	430
<b>Total expenses:</b>	31,158	251,378	159,784	169,979	138,094	452,008	81,105	2,194	47,983	1,333,683
<b>Annual surplus (deficit)</b>	\$ 510,006	\$ (214,742)	\$ (39,248)	61,056	\$ (52,525)	\$ (52,752)	\$ (36,570)	\$ (1,371)	\$ (45,376)	\$ 128,478



THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

2023										
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation services	Planning and development	Total
Revenues:										
Levies on area municipalities	\$ 464,341	-	\$58,603	\$45,999	-	-	-	-	-	\$ 568,943
User charges	883	7,433	22,635	151,775	737	28,191	18,750	448	1,847	232,699
Government transfers	1,632	11,401	24,275	403	88,582	327,191	29,870	227	10	483,591
Development charges earned	9,795	-	28,255	11,923	694	-	582	-	263	51,512
Investment income	16,302	-	-	-	-	-	426	-	-	16,728
Provincial offenses	-	8,102	4	-	5	-	-	-	-	8,111
Miscellaneous	3,955	1,217	79,447	10,626	550	1,501	5,793	49	213	103,351
Total revenues	496,908	28,153	213,219	220,726	90,568	356,883	55,421	724	2,333	1,464,935
Expenses:										
Salaries, wages and employee benefits	5,341	186,569	61,028	36,330	116,539	146,841	7,400	300	7,040	567,388
Operating expenses	15,140	22,169	51,689	108,491	21,060	125,389	24,698	452	2,511	371,599

2023										
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation services	Planning and development	Total
External transfers	10,545	9,365	1,524	3,858	18	125,100	36,513	-	33,206	220,129
Debt services	13,649	-	-	-	154	-	-	-	-	13,803
Amortization	5,596	10,836	36,132	33,731	4,050	4,316	11,968	1,049	-	107,678
Miscellaneous	1	-	539	24	-	-	-	-	-	564
<b>Total expenses:</b>	50,272	228,939	150,912	182,434	141,821	401,646	80,579	1,801	42,757	1,281,161
<b>Annual surplus (deficit)</b>	\$ 448,337	\$ (200,786)	\$ 61,437	\$ 37,461	\$ (51,253)	\$ (44,763)	\$ (25,158)	\$ (1,077)	\$ (40,424)	\$ 183,774

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

---

### 20. Budget data:

The budget amounts presented in these consolidated financial statements are based upon the 2024 operating and capital budgets approved by Council on February 23, 2024. 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.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

### 20. Budget data (continued):

	Budget Amount
<b>REVENUES</b>	
Operating	
Approved budget	\$ 1,345,007
Budget adjustments and amendments	55,822
Revenues classified as expenses	(231)
Share of Canada Games Park Consortium revenue	823
Capital:	
Development charges	33,147
Grants and subsidies	31,911
Other contributions	7,813
Less:	
Loss on disposal of tangible capital assets	(410)
Transfers from reserves	(24,898)
Proceeds on sale of tangible capital assets	(73)
Total revenue	1,448,911
<b>EXPENSES</b>	
Operating	
Approved budget	\$ 1,345,007
Budget adjustments and amendments	55,822
Revenues classified as expenses	(231)
Share of Canada Games Park Consortium expense	1,121
Add:	
Capital project cost resulting in operating expenses	6,097
Amortization	120,387
Employee future benefits	10,330
Less:	
Abatement expense	(2,670)
Operating expenses resulting in tangible capital assets	(2,902)
Transfers to reserves, including capital	(136,515)
Debt principal payments	(52,396)
Total expenses	1,344,050
Annual surplus	\$ 104,861

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

### 21. Change in Non-Cash Assets and Liabilities:

The following is a breakdown of the change in the non-cash assets and liabilities showing on the consolidated statement of cash flows:

	2024	2023
Accounts receivable	(\$ 13,383)	(\$ 20,363)
Other current assets	303	375
Accounts payable and accrued liabilities	(10,498)	36,871
Deferred revenue	69,979	47,177
Inventory	774	(3,135)
Prepaid expenses	(3,636)	(5,064)
Net Change in Non-Cash Assets and Liabilities	\$ 43,529	\$ 55,861

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

---

### 22. Financial Instrument Risks

The fair value of the Region's financial instruments that are comprised of cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying value due to their short-term nature and are measured at cost or amortized cost in the statement of financial position. The fair value of investments is disclosed in note 3. It is management's opinion that the Region is not exposed to significant risk arising from these financial instruments and there have been no significant changes to these risk exposures from 2023.

#### Credit Risk

The Region is exposed to credit related losses through cash, accounts receivable, development charges receivable and investments in the event of non-performance by counterparties to the financial instruments. Credit risk is minimized by dealing with reputable financial institutions including many government organizations.

#### Liquidity risk

Liquidity risk is the risk that the Region will be unable to meet all cash outflow obligations as they come due. Liquidity risk is minimized by monitoring cash activities and through cash flow forecasting including a ladder investment maturity approach to match large cash outflows.

#### Market risk

Market risk is the risk that changes in market price such as foreign exchange rates, interest rates and other price risks will affect the annual surplus or the fair value of financial instruments. Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at year end. Revenue and expenses are translated at the exchange rate prevailing on the transaction date. Exchange gains and losses are included in the statement of operations. Interest rate risk is minimized through a diversified investment portfolio held in accordance with the Region's investment policy. Long-term debt has interest rates fixed at the time of issuance. The Region manages its exposure on new debt by issuing in the capital markets to get the best possible rate and issuing semi-annually.

### 23. Comparative figures:

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



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## INDEPENDENT AUDITORS' REPORT

To the Members of Council of the Regional Municipality of Niagara

### Opinion

We have audited the financial statements of the Sinking Funds of the Regional Municipality of Niagara (the "Entity") which comprise:

- the statement of financial position as at December 31, 2024
- the statements of operations and change in net financial assets for the period ended December 31, 2024
- the statement of cash flows for the period ended December 31, 2024
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements for the year-ended December 31, 2024 is prepared, in all material respects, in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Other Matter

The financial statements of the Sinking Funds of the Regional Municipality of Niagara as at and for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 23, 2024.

## **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. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

[Date]



# THE REGIONAL MUNICIPALITY OF NIAGARA

## SINKING FUND STATEMENT OF FINANCIAL POSITION

As at December 31, 2024 (In thousands of dollars)

	2024	2023
<b>FINANCIAL ASSETS</b>		
Cash	\$ 1,279	\$ 817
Interest receivable	937	605
Investments (note 3)	24,040	22,164
	<b>28,256</b>	<b>25,586</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	5	4
Due to operating fund	182	74
Sinking fund requirements		
City of St. Catharines	3,252	2,964
The Regional Municipality of Niagara	23,952	19,833
	<b>27,391</b>	<b>24,875</b>
Accumulated surplus and net financial assets	\$ 865	\$ 711

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 AND ACCUMULATED SURPLUS

For the year ended December 31, 2024 (In thousands of dollars)

	2024	2023
<b>REVENUES</b>		
Contributions	\$ 1,512	\$ 1,512
Investment Income	1,053	953
Total revenues	2,565	2,465
<b>EXPENSES</b>		
Professional fees	5	4
Provision for sinking fund requirements	2,406	2,325
Total expenses	2,411	2,329
Annual surplus and net change in financial assets for the year	154	136
Accumulated surplus, beginning of year	711	575
Accumulated surplus, end of year	\$ 865	\$ 711

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, 2024 (In thousands of dollars)

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 154	\$ 136
Change in non-cash working capital balances		
Interest receivable	(332)	(284)
Due to operating fund	108	37
Accounts payable	1	-
Net change in cash used in operating activities	(69)	(111)
<b>INVESTING ACTIVITY</b>		
Purchase of investments	(1,876)	(1,822)
Net change in cash used in investing activity	(1,876)	(1,822)
<b>FINANCING ACTIVITY</b>		
Increase in sinking fund requirements	2,406	2,325
Net change in cash from financing activity	2,406	2,325
Net change in cash	461	393
Cash, beginning of year	817	424
Cash, end of year	\$ 1,279	\$ 817

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, 2024 (In thousands of dollars)

---

### 1. Significant accounting policies:

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

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

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.

#### (c) Revenue recognition:

Contributions are recognized as revenue in the year receivable.

Interest income is recognized as revenue in the period earned. Investment income includes interest income and realized gains and losses, net of bank service charges.

#### (d) Investments

Investments are measured at cost and consist mainly of government and corporate bonds and guaranteed investment certificates. Where there is a permanent loss in value, the investment value is written down to recognize the loss.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO SINKING FUND FINANCIAL STATEMENTS

For the year ended December 31, 2024 (In thousands of dollars)

---

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

#### (e) Financial instruments and fair value hierarchy

The Sinking Fund's financial assets and liabilities are all measured at cost or amortized cost.

All financial instruments must be classified in accordance with the significance of the inputs used in making fair value measurements. The fair value hierarchy prioritizes the valuation techniques used to determine the fair value of a financial instrument based on whether the inputs to those techniques are observable or unobservable:

- (i) Level 1 – Derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 – Derived from quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or models using inputs that are observable.
- (iii) Level 3 – Derived using discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value of the Sinking Funds' investments as at December 31, 2024 and 2023, are Level 1.

### 2. Adoption of new accounting standards:

On January 1, 2024, the Sinking Fund adopted Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance consistency of revenue recognition and its measurement. The Sinking Fund also adopted PSG – 8 Purchased Intangibles and PS 3160 – Public Private Partnerships. The adoption of these new standards did not have a material impact on the amounts presented in the financial statements.

### 3. Investments:

At December 31, 2024 the investments have a market value of \$23,628 (2023 - \$21,289)



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## INDEPENDENT AUDITORS' REPORT

To the Members of Council of the Regional Municipality of Niagara

### Opinion

We have audited the financial statements of the Trust Funds of the Regional Municipality of Niagara (the "Entity") which comprise:

- the statement of financial position as at December 31, 2024
- the statements of financial activities and change in fund balance for the period ended December 31, 2024
- the statement of cash flows for the period ended December 31, 2024
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements for the year-ended December 31, 2024 is prepared, in all material respects, 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. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Other Matter

The financial statements of the Trust Funds of the Regional Municipality of Niagara as at and for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 23, 2024.

## **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. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

[Date]

# THE REGIONAL MUNICIPALITY OF NIAGARA

## TRUST FUNDS STATEMENT OF FINANCIAL POSITION

As at December 31, 2024 (In thousands of dollars)

	2024	2023
<b>ASSETS</b>		
Cash	\$ 306	\$ 317
Due from Regional Municipality of Niagara	906	704
Fund balance	\$ 1,212	\$ 1,021

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



# THE REGIONAL MUNICIPALITY OF NIAGARA

## TRUST FUNDS STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

For the year ended December 31, 2024 (In thousands of dollars)

	2024	2023
<b>REVENUE</b>		
Deposits from residents	\$ 538	\$ 524
Donations	296	183
	<b>834</b>	<b>707</b>
<b>EXPENSES</b>		
Expenditures for the benefit of residents	<b>643</b>	<b>715</b>
	<b>643</b>	<b>715</b>
Excess (deficiency) of revenues over expenses	<b>191</b>	<b>(8)</b>
Fund balance, beginning of year	<b>1,021</b>	<b>1,029</b>
Fund balance, end of year	\$ <b>1,212</b>	\$ <b>1,021</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, 2024 (In thousands of dollars)

	2024	2023
<b>OPERATING ACTIVITIES:</b>		
Excess (deficiency) of revenues over expenses	\$ 191	\$ (8)
Change in non-cash assets and liabilities		
Due from Regional Municipality of Niagara	(202)	45
Net change in cash (used in) operating activities	(11)	37
Cash, beginning of year	317	280
Cash, end of year	\$ 306	\$ 317

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, 2024 (In thousands of dollars)

---

### 1. Significant accounting policies:

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

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

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

#### (a) Basis of Accounting:

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

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

#### (b) Uses of Estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

# Regional Municipality of Niagara

**Audit Findings Report for the year ending December 31, 2024**

**KPMG LLP**

Prepared as of May 2, 2025 for presentation on May 22, 2025

[kpmg.ca/audit](https://kpmg.ca/audit)



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<b>15</b>	<b>Audit Quality &amp; Independence</b>	<b>18</b>	<b>Appendices</b>		

The purpose of this report is to assist you, as a member of Council, in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of Management and Council, and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

# Audit highlights

We have completed the audit of the consolidated financial statements (“financial statements”), with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.

- No significant changes to communicate.
- Management Override of Controls
- Post employment Benefits
- Obligatory Reserve Fund Revenue, Developer Charges & Deferred Revenue
- Tangible Capital Assets and Asset Retirement Obligations

**Policies and  
practices  
&  
Specific topics**

New standards:

- PS 3400 Revenue
- PSG-8 Purchased Intangibles
- PS 3160 Public Private Partnerships

# Audit highlights

## Misstatements - uncorrected

- No uncorrected misstatements to report.

## Misstatements - Corrected

- No corrected misstatements to report.

## Control deficiencies

- Refer to slide 13. No matters to report.

## Audit Quality

- Refer to slide 15.

## Independence

- Refer to Slide 17. We confirm we remain independent of the Region in all respects.

## Materiality

- There were no changes to our materiality. Our audit misstatement posting threshold remained at \$1,800,000.

# Status

As of May 2, 2025, we have completed the audit of the consolidated financial statements, with the exception of certain remaining procedures, which include amongst others:

- Final completion and sign-off procedures
- Subsequent event procedure up to the audit report date
- Receipt of legal letter responses regarding litigation and claims and updated inquiries to the reporting date
- Completing our discussions with Council
- Obtaining evidence of the Council's approval of the consolidated financial statements
- Receipt of the signed management representation letter

We will update you on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

A draft of our auditor's report is provided attached to the draft consolidated financial statements within the meeting package.





# Significant risks and results

We highlight our significant findings in respect of **significant risks**.

## Management Override of Controls

Significant risk	Estimate?	Our response
On all financial statement audits, there is a risk of a material misstatement due to fraud resulting from management override of controls. As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk.	No	<ul style="list-style-type: none"><li>• Our procedures included:<ul style="list-style-type: none"><li>• We tested the design and implementation of controls surrounding the review of journal entries, and the business rationale for significant entries.</li><li>• In responding to risks of fraud and management override of controls, we set specific criteria to isolate high risk journal entries and adjustments in order to analyze for further insights into our audit procedures and findings. We focused on journal entries that could possibly be related to override activities.</li></ul></li><li>• Using our KPMG Clara Journal Entry Analysis Tool, we obtained 100% of the journal entries posted during the year and selected journal entries to test.</li><li>• No issues were noted in the performance of the above procedures.</li></ul>

# Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

## Post-employment benefit liabilities



Other risk of material misstatement	Estimate?
By nature, this liability represents an estimate which requires management's judgment in order to compute. Management utilizes a third party independent actuarial specialist to assist with preparation of the estimate. The specialist's report involves the use of several assumptions.	Yes
<b>Our response</b>	
<ul style="list-style-type: none"><li>• Our procedures included:<ul style="list-style-type: none"><li>• We obtained the report prepared by management's actuarial specialists, which was prepared in 2021 and extrapolated for fiscal 2024.</li><li>• We observed that the actuary continued to use similar assumptions as 2023, the prior comparative period.</li><li>• We assessed the discount rate used in calculating the employee future benefits in 2024, which we considered to be appropriate for use, and is consistent with appropriate benchmarks.</li><li>• We ensured the census data provided to the actuary to prepare their report was complete and accurate.</li></ul></li><li>• No issues were noted in the performance of the above procedures.</li><li>• We note a new full valuation is generally required every three years and management has noted that the Region is currently in the process of completing the full actuarial valuation as at December 31, 2024 and the report is expected to be completed and available in 2025.</li></ul>	



# Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

## Obligatory Reserve Fund Revenue, Developer Charges and Deferred Revenue

Other risk of material misstatement	Estimate?
<p>Obligatory reserve fund revenue and deferred revenue</p> <p>This represents an area of focus which is material to the financial statements in each year based on significance of the amounts. Our areas of focus include recognition of revenue from reserve funds as well as amounts received from other levels of government and developer</p> <p><b>Our response</b></p> <ul style="list-style-type: none"><li>• Our procedures included:<ul style="list-style-type: none"><li>• We identified and evaluated the design and implementation of internal controls over the identification of development charge funding projects and allocation of related expenses.</li><li>• We performed substantive testing over amounts being recognized as revenue.</li><li>• We assessed grant revenue to determine if it was recognized as revenue or deferred until expenditures have been incurred.</li><li>• We obtained a sample of costs that related to development charge revenue to ensure they were appropriate and were allocated to the appropriate project.</li><li>• We assessed the appropriateness of the accounting for deferred development charges.</li><li>• We agreed annual taxation amounts to approved by-laws.</li></ul></li><li>• No issues were noted in the performance of the above procedures.</li></ul>	<p>No</p>



# Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

## Tangible Capital Assets and Asset Retirement Obligations

Other risk of material misstatement	Estimate?
<p>Tangible Capital Assets represent a material balance on the financial statements each year by nature and thus represent an area of audit focus.</p> <p>Asset Retirement Obligations represent a material estimate for future liabilities, and is required to be reassessed annually after its initial implementation in 2023.</p>	Yes
<b>Our response</b>	
<ul style="list-style-type: none"><li>• Our procedures included:<ul style="list-style-type: none"><li>• We obtained the asset continuity schedule and ensured it accurately rolled forward from prior period.</li><li>• We recalculated amortization and ensured it was applied in line with the Region’s accounting policy.</li><li>• We sampled a series of capital asset additions, including additions previously classified as work-in-progress to ensure they met the criteria for capitalization in line with public sector accounting standards.</li><li>• We sampled disposals to ensure they were appropriately derecognized and proceeds upon disposal were accurately accounted for.</li></ul></li><li>• We reviewed the Region’s annual updates to the Asset Retirement Obligation to ensure the changes had valid rationale, including benchmarking the revised discount rate for appropriateness.</li><li>• We audited costs incurred during the year and observed the obligation was adjusted for them appropriately.</li></ul> <ul style="list-style-type: none"><li>• We have no significant issues to report on these matters.</li></ul>	

# Accounting and Auditing Standards Changes

Newly effective accounting standards (effective for fiscal 2024)

PS 3400 – Revenue: Previous standards provided guidance for revenue recognition on primary revenue streams such as taxation revenue and government grants. The new standard provides general recognition guidance to provide consistency for other streams not previously covered by existing public sector standards.

PSG-8 – Purchased Intangibles: This standard governs recognition of intangible assets which were acquired through an exchange transaction, namely an arm's length exchange between two willing parties (as opposed to inter-entity transfers, which are excluded).

PS 3160 – Public Private Partnerships: Public private partnerships ("P3s") are an alternative procurement and finance model where public sector entities purchase infrastructure using a private sector partner.

- We note that each of the above were implemented by management as required and did not have a material impact on the consolidated financial statements.

# Other financial reporting matters

We also highlight the following:

**Financial statement presentation - form, arrangement, and content**

No matters to report, consistent with prior period and in line with public sector requirements. We provided management with suggested wording on accounting policy notes and other disclosures, which were adopted by management.

**Concerns regarding application of new accounting pronouncements**

No matters to report, see previous slide.

# Specific topics

We have highlighted the following that we would like to bring to your attention:

Matter	Finding
Illegal acts, including noncompliance with laws and regulations, or fraud (identified or suspected)	No matters to report.
Other information in documents containing the audited financial statements	No matters to report.
Significant difficulties encountered during the audit	No matters to report.
Difficult or contentious matters for which the auditor consulted	No matters to report.
Management’s consultation with other accountants	No matters to report.
Disagreements with management	No matters to report.
Related parties	No matters to report.
Significant issues in connection with our appointment or retention	No matters to report.
Other matters that are relevant matters of governance interest	No matters to report.

# Control deficiencies

## **Consideration of internal control over financial reporting (ICFR)**

In planning and performing our audit, we considered ICFR relevant to the Region's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.



# Control deficiencies

## **A deficiency in internal control over financial reporting**

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

## **Significant deficiencies in internal control over financial reporting**

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

## **Results**

We have not identified any deficiencies in internal controls, either significant or otherwise. We have no matters to bring to your attention based on the results of our procedures, including those over IT-related control processes.

# Required inquiries of Regional Council

Should members of Regional Council be aware of any matters related to the items below which may impact our financial statement audit, we request that we be notified for further discussion, if necessary.

## **Inquiries regarding fraud, illegal acts or subsequent events**

- Prior to the completion of our audit, we are required to inquire with Council and obtain confirmation of any acts of fraud, illegal activity or material subsequent events that have not previously been communicated to us to date.
- Should you have any matters to report to us, please bring to our attention at this time.

# How do we deliver audit quality?

**Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.**

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

We define 'audit quality' as being the outcome when:

- audits are executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality management; and
- all of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

# Independence

**Audit  
services**

**Detailed description of service**

**Potential effects of the proposed  
service on independence**

Audit of the consolidated financial statements of the Region as of December 31, 2024 in accordance with Public Sector Accounting Standards.

Audit of the financial statements and special reports of the related entities noted in our audit plan as of December 31, 2024 in accordance with Public Sector Accounting Standards (or applicable framework for those special reports which are required to report in line with terms of various funding agreements).

Such services are provided by the auditor pursuant to statutory or regulatory requirements and are permitted under CPA Code and ESBA independence rules.

We have not identified any services within our agreed upon scope which would infringe on our independence as external auditors.

We confirm that we remain independent of the Region and have not provided any services which would infringe on our independence as external auditors. We have remained independent throughout the audit process and since our appointment.

# Appendices

**A**      Regulatory  
communications

**B**      Draft auditor’s  
report

**C**      Insights

# Appendix A: Other required communications

## Engagement terms

A copy of the engagement letter is available to Council.

## CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- CPAB Regulatory Oversight Report: 2023 Annual Inspections Results
  - <https://cpab-ccrc.ca/docs/default-source/inspections-reports/2023-annual-inspections-results-en.pdf>
- CPAB Audit Quality Insights Report: 2024 Interim Inspections Results
  - <https://cpab-ccrc.ca/docs/default-source/inspections-reports/2024-interim-inspections-en.pdf>
- CPAB Regulatory Oversight Report: 2024 Annual Inspections Results
  - <https://cpab-ccrc.ca/docs/default-source/inspections-reports/2024-annual-inspections-results-en.pdf>

# Appendix B: Draft auditor's report

A copy of our draft auditor's report is attached to the draft consolidated financial statements in the meeting package.

# Appendix C: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, Councils and management. Of particular note are Lean process reviews, fraud prevention and cyber penetration testing, which are services currently sought after to help strengthen organizations.

## **KPMG Audit & Assurance Insights**

Curated research and insights for audit committees and boards.

<https://kpmg.com/ca/en/home/insights/2021/05/audit-assurance-insights.html>

## **Board Leadership Centre**

Leading insights to help board members maximize boardroom opportunities

<https://kpmg.com/ca/en/home/market-insights/board-leadership.html>

## **Current Developments**

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

<https://kpmg.com/ca/en/home/insights/2020/11/current-developments.html>



# Appendix C: Audit and assurance insights

## **Audit Committee Guide – Canadian Edition**

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

<https://home.kpmg/ca/en/home/insights/2021/11/audit-committee-guide-canadian-edition.html>

## **Accelerate 2024**

The key issues driving the audit committee agenda in 2024.

<https://kpmg.com/ca/en/home/insights/2023/11/accelerate.html>

## **Sustainability Reporting**

Resource centre on implementing the new Canadian reporting standards

<https://kpmg.com/ca/en/home/services/environmental-social-and-governance/reporting/cssb-sustainability-reporting.html>

## **Government and Public Sector**

We have a wealth of thought leadership to help public sector organizations grow and advance.

<https://kpmg.com/ca/en/home/industries/government-public-sector.html>

**Appendix 3: Annual Surplus Reconciliation**

<i>(in thousands)</i>	<b><u>Approved Budget</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
<b>Based on budget approach</b>			
Water & Wastewater surplus (deficit)	\$ -	\$ 2,287	\$ (3,461)
Waste Management surplus	-	3,719	3,534
Niagara Transit Commission surplus	-	1,541	2,087
General Levy surplus	-	10,107	4,988
<b>Operating Surplus Total</b>	<b>-</b>	<b>17,654</b>	<b>7,148</b>
<b>PSAS Presentation</b>			
<b>Adjustments: Capital</b>			
Recognize amortization	(120,387)	(120,387)	(107,678)
Recognize accretion	2,670	2,670	(3,689)
Recognize in-year capital program revenues	66,238	66,257	86,742
Recognize capital fund expenditures resulting in operating expenses	(6,097)	(3,031)	(7,154)
Recognize operating fund expenditures resulting in capital assets	2,902	2,902	2,270
Recognize transfer and contribution of tangible capital assets	6,633	6,633	78,604
Recognize proceeds & loss on disposal of assets	(483)	(153)	(12,699)
<b>Capital Subtotal</b>	<b>(48,524)</b>	<b>(45,109)</b>	<b>36,396</b>
<b>Funded</b>			
Remove principal debt repayments	52,396	31,450	34,167
Remove net transfers to reserves (including interest allocation)	111,617	132,445	114,060
Remove sinking fund activity	-	2,211	702
<b>Funded Subtotal</b>	<b>164,013</b>	<b>166,106</b>	<b>148,929</b>
<b>Unfunded</b>			
Recognize change in landfill liability	-	-	-
Recognize power dams liability	-	422	422
Recognize change in unfunded employee future benefits liability	(10,330)	(10,297)	(9,089)
Recognize share of Canada Summer Games Park operations	(298)	(298)	(32)
<b>Unfunded Subtotal</b>	<b>(10,628)</b>	<b>(10,173)</b>	<b>(8,699)</b>
<b>Annual surplus per PSAS consolidated financial statements</b>	<b>\$ 104,861</b>	<b>\$ 128,478</b>	<b>\$ 183,774</b>

### **Appendix 3: Annual Surplus Reconciliation**

A balanced operating budget, developed for the purposes of setting tax rates and user fees, was approved by Council on December 14, 2023. The operating surplus presented at the top of the chart represents the actual financial results of the Region compared to the operating budget. Since the Region is required to report its annual surplus using Public Sector Accounting standards (PSAS), a number of adjustments are required in order for the financial results to conform with PSAS. For example, in the operating budget, capital projects are recognized when funding is allocated; however, in order to conform with PSAS, an adjustment is required as capital projects should be expensed over time through amortization rather than immediately.

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## Memorandum

**AC-C 5-2025**

**Subject:** 2023 Canadian Award for Financial Reporting

**Date:** May 20, 2025

**To:** Audit Committee

**From:** Melanie Steele, Associate Director, Reporting and Analysis

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The Government Finance Officers Association of the United States and Canada (GFOA) recently awarded the Canadian Award for Financial Reporting to the Niagara Region for its annual financial report for the year ended December 31, 2023. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs. For 2023 the Region's annual report can be found at the link below:

**[2023 Annual Report](https://niagararegion.ca/government/budget/past-budgets/default.aspx)**

(<https://niagararegion.ca/government/budget/past-budgets/default.aspx>)

Staff are currently preparing the 2024 annual report for release in June and plan for it to continue to conform to the program requirements. We will be submitting it to GFOA to determine its eligibility for another award.

Respectfully submitted and signed by

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Melanie Steele MBA, CPA CA  
Associate Director, Reporting & Analysis

## **Appendices**

Appendix 1 2023 GFOA Award for Financial reporting



Government Finance Officers Association

# **Canadian Award for Financial Reporting**

Presented to

**The Regional Municipality of Niagara  
Ontario**

For its Annual  
Financial Report  
for the Year Ended

**December 31, 2023**

*Christopher P. Morrill*

Executive Director/CEO

## Memorandum

**AC-C 6-2025**

**Subject:** Status Update on Internal Audit Engagements

**Date:** May 20, 2025

**To:** Audit Committee

**From:** Hari Vemuri, Manager, Internal Audit

As part of our commitment to transparency and accountability, this memorandum provides a comprehensive update on the status of internal audit engagements. The objective is to ensure the Audit Committee remains informed about the audits conducted in previous years, the status of audits currently underway, and the approved audit plan for the upcoming years.

This report includes a summary of completed audits, highlights ongoing and planned engagements, and outlines key strategic priorities guiding our internal audit function. These updates reflect our continuous effort to assess risks, enhance controls, and support effective governance across Niagara Region's operations.

### Status of Audit Engagements Approved for 2025

For 2025, several key audits have been initiated, covering financial management, procurement practices, contractor performance, and policy compliance. The following table provides an update on the progress of these engagements:

Audit Engagement	Current Status	Auditor
Value-For-Money (VFM) Audit Services for Region Operated Childcare Centres	Fieldwork complete; reporting in progress. Final report to be presented to Public Health Committee and Audit Committee.	Deloitte
Whistleblower Policy Implementation and Benchmarking Analysis	Fieldwork is in progress	Manager, Internal Audit
Waste Management Contractor Performance and Compliance Evaluation	RFP process is ongoing	To Be Determined

<b>Audit Engagement</b>	<b>Current Status</b>	<b>Auditor</b>
Non-competitive Procurement Audit	RFP process is ongoing	To Be Determined
Revenue Audit – Licensing Division	Audit planning underway; fieldwork in Q3; reporting in Q4 2025	Manager, Internal Audit
Travel and Expense Policy and Procedures	Audit fieldwork in underway; reporting expected in Q3 2025	Manager, Internal Audit
Psychological Wellness Programs	Scheduled to begin in Q4 2025	Manager, Internal Audit
Control Reviews for Brownfield Tax Increment Grant Program	Scheduled to begin in Q4 2025	Manager, Internal Audit

### Other Requests

<b>Request</b>	<b>Status Update</b>	<b>Timeline</b>
Audit Plan for 2027–2029	External scan and auditable unit review in progress. Proposed plan will be circulated to Councillors for feedback.	Q1 2026
Comparative Review of Internal Audit Structures (Hamilton, Ottawa, Toronto)	Data collection is in progress	Q3 2025
Complaints received in last 2 years	Report preparation is in progress	Q3 2025

### Audit Plan for 2026

Looking ahead, the 2026 audit plan has been structured to address emerging risks and strategic priorities, with a focus on value-for-money assessments, governance reviews, and financial oversight. External professional firms will be engaged for specialized audits, while internal audit resources will be allocated for targeted reviews and consulting engagements.



<b>Engagement</b>	<b>Auditor</b>	<b>Type of Engagement</b>
Competitive Bidding Process	External Firm	Audit
Homelessness Service Providers Audit	External Firm	Audit
Cyber planning, management framework and response recovery strategies	External Firm	Audit
Value for Money Audit on the Niagara Region's biosolids program	External Firm	Audit
Value for Money Audit of the On-Demand and Specialized Transit Services	Manager, Internal Audit	Audit
Assessment of Strategic Transformation Office: Evaluating Efficiency, Alignment, and Value for Money in Shared Services Implementation	Manager, Internal Audit	Consulting Engagement
Performance metrics of the Niagara Region Transit Commission	Manager, Internal Audit	Consulting Engagement

Note: For audits conducted by external firms, RFP or scope development is currently underway.

### **Audits Conducted in the Past**

The table below summarizes the audits completed in recent years, outlining the scope of each engagement, the responsible auditor, and the presentation date. These audits have provided valuable insights into procurement practices, financial controls, cybersecurity, vendor management, and operational efficiencies.

<b>Year</b>	<b>Internal Audit</b>	<b>Auditor</b>	<b>Report Presentation Date</b>
2020	Procurement Audit	Manager, Internal Audit	20 <sup>th</sup> January 2020
2020	Non-Competitive Procurement Audit (Internal)	Manager, Internal Audit	20 <sup>th</sup> January 2020
2020	Non-Competitive Procurement Audit (KPMG)	KPMG	7 <sup>th</sup> December 2020
2021	Purchasing Card Follow-up Audit	Manager, Internal Audit	1 <sup>st</sup> November 2021
2022	Cybersecurity Assessment of Technologies and Controls	KPMG	14 <sup>th</sup> February 2022
2023	eBond Procedure	Manager, Internal Audit	13 <sup>th</sup> February 2023
2023	Court Services - Quality Control Procedures	Manager, Internal Audit	15 <sup>th</sup> May 2023
2023	Cash Handling Procedures	Manager, Internal Audit	18 <sup>th</sup> September 2023
2023	Follow-up Audit of Non-Competitive Procurement	Manager, Internal Audit	4 <sup>th</sup> December 2023
2024	Controlled Medication Management in Niagara Region Long Term Care Homes - Phase 1 & 2	Manager, Internal Audit	Phase 1 21 <sup>st</sup> May 2024  Phase 2 9 <sup>th</sup> December 2024
2024	Vendor Performance Management for Tier 1 Contracts	KPMG	9 <sup>th</sup> December 2024

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Year	Internal Audit	Auditor	Report Presentation Date
2024	Vendor Governance and Relationship Management for Consulting Services	KPMG	9 <sup>th</sup> December 2024
2024	P-Card Audit (2017) – Follow up Audit	Manager, Internal Audit	9 <sup>th</sup> December 2024
2024-25	Purchase and Operation of Vacuum Truck	Manager, Internal Audit	Status presented in-camera on Mar 24, 2025. Additional updates pending further information.

The Internal Audit Department remains dedicated to delivering independent and objective assessments that enhance operational efficiency, mitigate risks, and ensure compliance with best practices. We appreciate the continued support of the Audit Committee in advancing a robust internal audit framework that strengthens accountability across Niagara Region. Regular updates will be provided to the Audit Committee as engagements progress.

Respectfully submitted and signed by

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Hari Vemuri, CPA, CISA  
Manager, Internal Audit

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## **Memorandum**

**AC-C 7-2025**

**Subject:** 2024 NPCA Financial Statements

**Date:** May 20, 2025

**To:** Audit Committee

**From:** Melanie Steele, Associate Director Reporting & Analysis

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In alignment with Audit Committee's terms of reference, the audited financial statements of the Niagara Region's boards, agencies and committees are to be received for information purposes to assist committee members with their overall assessment of the Region's internal controls and financial reporting.

The Niagara Peninsula Conservation Authority (NPCA) have completed their 2024 audited financial statements process and have provided them to Audit Committee as Appendix 1 to AC-C 7-2025. In addition, NPCA management have provided management analytics to help explain these statements as Appendix 2 to AC-C 7-2025.

Respectfully submitted and signed by

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Melanie Steele MBA, CPA CA  
Associate Director, Reporting & Analysis

## **Appendices**

Appendix 1 2024 NPCA Financial Statements

Appendix 2 NPCA Management Analytics

Financial Statements of

**NIAGARA PENINSULA  
CONSERVATION AUTHORITY**

And Independent Auditors' Report thereon

Year ended December 31, 2024



**KPMG LLP**

Commerce Place  
21 King Street West, Suite 700  
Hamilton, ON L8P 4W7  
Canada  
Tel 905-523-8200  
Fax 905-523-2222

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Niagara Peninsula Conservation Authority

### ***Opinion***

We have audited the financial statements of Niagara Peninsula Conservation Authority (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of significant material policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations, its 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. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Page 2

### ***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 , and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

April 25, 2025





Statement of Financial Position

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

	2024	2023
<b>Financial assets</b>		
Cash and cash equivalents	\$ 1,403,597	\$ 3,348,225
Investments	3,642,384	4,636,276
Accounts receivable	1,000,653	744,574
	<u>6,046,634</u>	<u>8,729,075</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	981,251	936,062
Employee future benefits (note 2)	159,800	186,300
Deferred revenue (note 3)	1,209,351	2,423,667
Long-term financing (note 4)	767,709	-
	<u>3,118,111</u>	<u>3,546,029</u>
Net financial assets	2,928,523	5,183,046
<b>Non-financial assets</b>		
Prepaid expenses	258,167	210,152
Tangible capital assets (note 5)	33,473,993	27,941,777
	<u>33,732,160</u>	<u>28,151,929</u>
Accumulated surplus (note 6)	<u>\$ 36,660,683</u>	<u>\$ 33,334,975</u>

See accompanying notes to financial statements

John Metcalfe, Chair

Leilani Lee-Yates, CAO/Secretary -Treasurer



Statement of Operations and Accumulated Surplus

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

	Budget (note 9)	2024 Actual	2023 Actual
Revenues:			
Government transfers			
Province of Ontario	540,660	688,861	623,554
Government of Canada	212,323	598,599	942,096
Municipal levies:			
General	7,040,886	7,040,886	6,947,104
Special	2,305,211	2,290,550	2,087,776
Authority generated:			
User fees, sales and admissions	3,322,447	3,394,767	3,046,338
Administration fees	754,800	886,992	785,211
Interest	82,000	248,743	219,922
Other	1,350,053	3,974,929	1,297,545
OPG - Welland river watershed	—	178,399	72,357
	15,608,380	19,302,726	16,021,903
Expenses:			
CAO and Administration	1,508,054	1,453,255	1,206,266
Watershed	5,259,895	5,384,717	4,374,494
Corporate Services	3,473,153	4,193,220	3,210,335
Conservation Areas	4,690,548	4,945,826	4,430,000
	14,931,650	15,977,018	13,221,095
Annual surplus	676,730	3,325,708	2,800,808
Accumulated surplus, beginning of year	33,334,975	33,334,975	30,534,167
Accumulated surplus, end of year	\$34,011,705	\$36,660,683	\$33,334,975

See accompanying notes to financial statements



Statement of Change in Net Financial Assets

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

	2024	2023
Annual surplus	\$ 3,325,708	\$ 2,800,808
Acquisition of tangible capital assets	(7,218,423)	(2,419,674)
Amortization of tangible capital assets	1,628,481	1,336,281
Proceeds on disposal of tangible capital assets	84,346	85,693
Gain on disposal of tangible capital assets	(26,620)	(26,379)
Increase in prepaid expenses	(48,015)	(10,662)
	(2,254,523)	1,766,067
Net financial assets, beginning of year	5,183,046	3,416,979
Net financial assets, end of year	\$ 2,928,523	\$ 5,183,046

See accompanying notes to financial statements



Statement of Changes in Cash Flows

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

	2024	2023
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 3,325,708	\$ 2,800,808
Item not involving cash:		
Amortization of tangible capital assets	1,628,481	1,336,281
Gain on disposal of tangible capital assets, net	(26,620)	(26,379)
Employee future benefits	(26,500)	83,000
Accrued interest on investments	(151)	8,216
Change in non-cash operating working capital:		
Accounts receivable	(256,079)	(137,829)
Prepaid expenses	(48,015)	(10,662)
Accounts payable and accrued liabilities	45,189	110,664
Deferred revenue	(1,214,316)	73,425
	3,427,697	4,237,524
Capital activities:		
Purchases of tangible capital assets	(7,218,423)	(2,419,674)
Proceeds from disposal of tangible capital assets	84,346	85,693
	(7,134,077)	(2,333,981)
Investing activities:		
Proceeds from sale of investments	4,636,427	4,544,293
Purchases of investments	(3,642,384)	(4,636,276)
	994,043	(91,983)
Financing activities:		
Proceeds from long-term financing	829,131	-
Repayment of long-term financing	(61,422)	-
	767,709	-
Net change in cash and cash equivalents	(1,944,628)	1,811,560
Cash and cash equivalents, beginning of year	3,348,225	1,536,665
Cash and cash equivalents, end of year	\$ 1,403,597	\$ 3,348,225

See accompanying notes to financial statements



## Notes to Financial Statements

Year ended December 31, 2024

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The Niagara Peninsula Conservation Authority ("the Authority") is established under The Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources within the watershed boundary established for the Authority.

### 1. Significant accounting policies:

The financial statements of Niagara Peninsula Conservation Authority (the "Authority") are prepared by management in accordance with Public Sector Accounting Standards ("PSAS"). Significant accounting policies adopted by the Authority are as follows:

(a) Basis of accounting:

Revenues and expenses are reported on the accrual basis of accounting. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks and guaranteed investment certificates that mature within three months.

(c) Investments:

Investments consist of term deposits and are recorded at amortized cost. Investments held by the Authority have a market value that approximates cost given their fixed interest rate nature and maturity date within one year. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss. Investment income earned on investments are reported as revenue in the period earned.

(d) Deferred revenue:

Deferred revenues represent government transfers and user fees which have been collected but for which performance obligations have not been met. These amounts will be recognized as revenues in the fiscal year the services are performed.

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. Tangible capital assets have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

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

(f) Non-financial assets (continued):

i) Tangible capital assets:

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset. The Authority does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

Cost, less residual value of tangible capital assets are amortized on a straight-line basis over their estimated useful life. Land is considered to have an infinite life without amortization. Full year amortization is charged in the year of acquisition. Work-in-progress assets are not amortized until the asset is available for productive use.

Amortization is based on the following classifications and useful lives:

<b>Asset</b>	<b>Useful Life - Years</b>
Land Improvements	20 years
Buildings	30 years
Dams	15 to 100 years
Gauge stations	15 to 30 years
Leasehold Improvements	10 years
Equipment	10 years
Vehicles	5 years
Office equipment	5 years

Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition and recognized as revenue in the year of contribution.

(g) Revenue recognition:

i) Government transfers

Government transfers are recognized as revenue in the 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.

ii) Municipal levies

Municipal levies are recognized as revenue in the year in which they meet the definition of an asset, the levy is authorized, and the levy event has occurred.

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

(g) Revenue recognition (continued):

iii) Authority generated

User fees, sales and admissions and other income are reported as revenue in the period earned.

(h) Employee future benefits:

The Authority provides certain employee benefits which will require funding in future periods. These benefits include extended health and dental benefits for early retirees to age 65. The employee future benefits represent management's best estimates of the cost of premiums on benefits up to the date of retirement.

(i) Asset retirement obligation:

A liability is recognized where there is a legal obligation to incur costs associated with the retirement of a tangible capital asset. Such costs increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner, while asset retirement costs associated with an asset no longer in productive use are expensed. A liability for an asset retirement obligation is recognized when all the following criteria are met:

- there is a legal obligation to incur retirement costs;
- a transaction or event gives rise to a liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Initial measurement of the liability is based on management's best estimate of the amount required to retire a tangible capital asset as at the date of the Statement of Financial Position. Changes in the subsequent measurement of the liability are recorded as a change in the carrying amount of the related tangible capital asset, or an expense, depending on the nature of the remeasurement or whether the asset remains in productive use.

(j) Use of estimates:

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in future. Significant estimates include assumptions used in the estimation of employee future benefits.

(k) Adoption of new accounting standards:

On January 1, 2024, the Authority adopted Public Accounting Standard PS 3400 – Revenue. This standard was adopted prospectively from the date of adoption. This new standard provides requirements for the recognition, measurement, presentation, and disclosure of revenue transactions.

The implementation of this standard did not require the Authority to reflect any adjustments in the financial statements.

**2. Employee future benefits:**

The Authority provides extended life, health, and dental benefits to a closed group of early retirees to age 65 which will require funding in future periods. The Authority recognizes these retirement benefit costs in the period in which the service is rendered. The accrued benefit liability at December 31, 2024 was estimated by management to be \$159,800 (2023 - \$186,300). Information about the Authority's benefit plan is as follows:

	2024	2023
Accrued benefit obligation:		
Balance, beginning of year	\$186,300	\$ 103,300
Current benefit (recovery) cost	(15,236)	89,700
Benefits paid	(11,264)	(6,700)
Accrued benefit obligation, end of year	\$159,800	\$ 186,300

**3. Deferred revenue:**

Deferred revenues consist of the following:

	Balance at December 31, 2023	Externally restricted inflows	Revenue earned	Balance at December 31, 2024
User fees	\$ 372,986	\$215,940	\$ (308,595)	\$280,331
District School Board of Niagara	1,000,000	–	(910,501)	89,499
Government grants	346,603	120,469	(153,230)	313,842
Welland river watershed- Ontario Power Generation ("OPG")	704,078	–	(178,399)	525,679
Total	\$ 2,423,667	\$336,409	\$ (1,550,725)	\$ 1,209,351



#### 4. Long-term financing:

Unsecured variable rate term loan requiring monthly principal payments of \$10,237 plus interest. The principal payments of the long-term financing obligation due in the next 5 years are as follows: 2025 - \$122,844; 2026 - \$122,844; 2027 - \$122,844; 2028 - \$122,844; 2029 - \$122,844, \$153,489 thereafter.

#### 5. Tangible capital assets:

Cost	Balance at December 31, 2023	Additions	Transfers/ Disposals	Balance at December 31, 2024
Land	\$10,831,810	\$3,452,572	\$ —	\$14,284,382
Land improvements	8,075,810	2,054,439	—	10,130,249
Buildings	7,106,443	211,254	—	7,317,697
Dams	5,273,518	—	—	5,273,518
Gauge stations	403,351	65,831	—	469,182
Leasehold Improvements	—	836,891	—	836,891
Equipment	4,944,431	896,017	(153,938)	5,686,510
Vehicles	48,757	—	—	48,757
Office equipment	1,221,836	215,576	—	1,437,412
Work-in-progress	1,710,751	7,218,423	(7,732,580)	1,196,594
<b>Total</b>	<b>\$39,616,707</b>	<b>\$14,951,003</b>	<b>\$ (7,886,518)</b>	<b>\$46,681,192</b>

Accumulated Amortization	Balance at December 31, 2023	Additions	Transfers/ Disposals	Balance at December 31, 2024
Land	\$ —	\$ —	\$ —	\$ —
Land improvements	3,390,274	498,601	—	3,888,875
Buildings	3,077,610	239,116	—	3,316,726
Dams	2,067,690	69,223	—	2,136,913
Gauge stations	302,199	25,074	—	327,273
Leasehold Improvements	—	83,689	—	83,689
Equipment	1,889,440	540,054	(96,212)	2,333,282
Vehicles	48,757	—	—	48,757
Office equipment	898,960	172,724	—	1,071,684
<b>Total</b>	<b>\$11,674,930</b>	<b>\$1,628,481</b>	<b>\$ (96,212)</b>	<b>\$13,207,199</b>

**5. Tangible capital assets (continued):**

	Net Book Value December 31, 2023	Net Book Value December 31, 2024
Land	\$10,831,810	\$ 14,284,382
Land improvements	4,685,536	6,241,374
Buildings	4,028,833	4,000,971
Dams	3,205,828	3,136,605
Gauge stations	101,152	141,909
Leasehold Improvements	—	753,202
Equipment	3,054,991	3,353,228
Vehicles	—	—
Office equipment	322,876	365,728
Work-in-progress	1,710,751	1,196,594
<b>Total</b>	<b>\$27,941,777</b>	<b>\$33,473,993</b>

Work-in-process, having a value of \$1,196,594 (2023 - \$1,710,751) has not been amortized. Amortization of these assets will commence when the asset is brought into service.

Contributed tangible capital assets have been recognized at fair value at the date of contribution. The fair value of contributed assets received during the year is \$nil (2023 - \$nil). Tangible capital assets recognized at nominal value include land used in the operations and conservation management. There were no amounts recognized at nominal value during the year, or 2023.

During the year, the Authority disposed of assets in the normal course of operations, recognizing a gain on disposal of \$26,620 (2023 - \$26,379).

**6. Accumulated surplus:**

Accumulated surplus consists of the following:

	2024	2023
Invested in tangible capital assets	\$ 33,473,993	\$ 27,941,777
Reserves set aside by the Board of the Authority for specific purpose	3,346,490	5,579,498
Unfunded employee future benefits liability	(159,800)	(186,300)
	<b>\$ 36,660,683</b>	<b>\$ 33,334,975</b>

**6. Accumulated surplus (continued):**

Reserves set aside by the Board of the Authority for specific purpose consists of the following:

	2024	2023
General capital	\$ 708,890	\$ 1,257,909
Operating reserve	528,273	1,552,830
Flood protection	270,380	261,141
Levy differential	–	33,367
Land acquisitions	1,514,402	2,159,360
Restoration	324,545	314,891
	<b>\$3,346,490</b>	<b>\$ 5,579,498</b>

**7. Credit facility:**

The Authority's credit facility includes an overdraft lending account of \$765,000 bearing interest at prime less 2%. As at December 31, 2024, \$nil (2023 - \$nil) was drawn on this facility. As at December 31, 2024, \$11,667 (2023 - \$11,667) was issued by way of a letter of credit to a municipality for which the Authority receives levies in exchange for construction work on-going within the municipal boundaries.

**8. Pension plan:**

The Authority makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the 87 (2023 – 83) members of its staff. The plan is a defined benefit plan that specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Since OMERS is a multi-employer pension plan, the Authority does not recognize any share of the pension plan deficit of \$2.9 billion (2023 - \$4.2 billion) based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2024 calendar year at rates ranging from 9.0% to 14.6% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Statement of Operations. Employer contributions to OMERS for 2024 current and past service was \$706,869 (2023 - \$554,138) and were matched by employee contributions.

**9. Budget data:**

The budget data presented in these financial statements is based upon the 2024 operating budget approved by the Board of the Authority on October 20, 2023, and capital budget approved October 20, 2023. Amortization was not incorporated in the development of the budget and, as such, was not provided on the statement of changes in net financial assets. The chart below reconciles the approved budget to the budget figures reported in these financial statements:

	Budget Amount
Revenues	
Operating	
Approved budget	\$ 13,303,169
Capital	
Approved budget	2,305,211
Total revenues	\$ 15,608,380
Expenses:	
Operating	
Approved budget	\$ 13,303,169
Capital	
Approved budget	2,305,211
Add:	
Amortization	1,628,481
Less:	
Tangible capital assets included in operating expense	(2,305,211)
Total expenses	14,931,650
Annual surplus	\$ 676,730

**10. Asset retirement obligation**

Throughout the year the Authority reviews all assets recorded on the tangible capital asset listing to determine if there are any legal obligations to incur costs in the future associated with the retirement of an asset. Examples of such costs are the remediation of asbestos, lead and mold, the closure of dams or monitoring wells. Currently, there are no known assets that fall within the scope of this obligation, and as a result, no liability has been recognized.

The Authority's ongoing efforts to assess asset retirement obligations may result in future liabilities, any changes will be accrued in the year in which they are assessed as likely and reasonably estimable.

**11. Contingencies:**

The Authority is involved from time to time in litigation, which arises in the normal course of business. The exact outcome of these actions is not determinable as at the date of reporting. In respect of certain outstanding claims, the Authority believes that insurance coverage is adequate, and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the accompanying financial statements.

**12. Related party transactions:**

During the year, the Authority incurred \$26,406 (2023 - \$20,255) in expenditures for per diems, honorariums, and mileage which was paid to and on behalf of members of the Board of Directors for the Authority.

**13. Contractual rights:**

The Authority has contractual rights under contract with various Ministry agencies to receive funds in exchange for services to be provided under those contracts. The Authority is expecting up to \$355,125 in future revenues based on anticipated services to be performed.

**14. Contractual obligations and commitments:**

- i) The Authority has entered into a contract for provision of reservation and park system services until December 2025, with an annual financial requirement of \$30,000. This will be financed by the Authority's operating budget.
- ii) The Authority has entered into a long-term lease for office space, which expires February 28<sup>th</sup>, 2031, with a three-year option to renew. The total lease commitment is \$2,169,146, annual minimum lease payments are as follows: 2025 - \$226,740; 2026 - \$226,740; 2027 - \$233,038; 2028 - \$234,298; 2029 - \$234,298, \$1,014,032 thereafter.

**15. Segmented information:**

The Authority provides a wide range of services which are categorized by department. Certain departments that have been separately disclosed in the segmented information along with the services they provide are as follows:

**Corporate Administration**

Corporate administration services are comprised of the administration services of the Authority.

**Watershed**

The watershed department is the umbrella for three divisions dedicated to monitoring, regulating, protecting, and improving the health and safety of our watersheds.

**Corporate Services**

The corporate services department covers costs to manage the authority and support staff. The main activities include finance and accounting, information management, fleet, facilities and asset management.

**Conservation Areas**

The conservation areas department is the umbrella for two divisions dedicated to conservation land management and conservation land programming. Conservation land management is the administration department for the conservation areas. Conservation land programming and development is responsible for maintenance and improvements to the conservation areas.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Municipal levies have been allocated to the segments based upon budgeted levies for the segment. Interest earned from investments has been allocated among the various segments.



## Notes to Financial Statements (continued)

Year ended December 31, 2024

**15. Segmented information (continued):**

2024					
	Corporate Administration	Watershed	Corporate Services	Conservation Areas	2024 Total
<b>Revenues:</b>					
Government transfers	15,200	966,646	285,614	20,000	1,287,460
Municipal levies	1,374,804	3,756,624	2,984,421	1,215,587	9,331,436
User fees, sales and administration	-	-	1,480	3,393,287	3,394,767
Administration fees	-	886,992	-	-	886,992
Interest	-	-	248,743	-	248,743
Other	43	897,795	2,094,671	955,800	3,948,309
Gain on disposal	-	-	26,620	-	26,620
OPG-Welland River Watershed	-	178,399	-	-	178,399
<b>Total revenues</b>	<b>1,390,047</b>	<b>6,686,456</b>	<b>5,641,549</b>	<b>5,584,674</b>	<b>19,302,726</b>
<b>Expenses:</b>					
Salaries and benefits	1,209,162	4,190,209	1,583,459	2,820,074	9,802,904
Materials and supplies	49,881	348,716	542,848	1,062,017	2,003,462
Contracted services	-	154,167	37,324	-	191,491
Professional fees	41,078	629,321	69,233	-	739,632
Rent and financial expenses	-	-	923,514	-	923,514
Debt service	-	-	40,010	-	40,010
Marketing and promotion	77,260	8,963	561,301	-	647,524
Amortization	75,874	53,341	435,531	1,063,735	1,628,481
<b>Total expenses</b>	<b>1,453,255</b>	<b>5,384,717</b>	<b>4,193,220</b>	<b>4,945,826</b>	<b>15,977,018</b>
<b>Annual surplus</b>	<b>\$ (63,208)</b>	<b>\$ 1,301,739</b>	<b>\$ 1,448,329</b>	<b>\$638,848</b>	<b>\$ 3,325,708</b>

2023					
	Corporate Administration	Watershed	Corporate Services	Conservation Areas	2023 Total
<b>Revenues:</b>					
Government transfers	29,489	574,808	203,226	758,127	1,565,650
Municipal levies	1,361,703	3,091,833	3,030,187	1,551,157	9,034,880
User fees, sales and administration	-	-	-	3,046,338	3,046,338
Administration fees	-	785,211	-	-	785,211
Interest	-	-	219,922	-	219,922
Other	10,755	599,019	544,744	77,110	1,231,628
Gain on disposal	-	-	26,379	-	26,379
Gain on insurance proceeds	-	-	39,538	-	39,538
OPG-Welland River Watershed	-	72,357	-	-	72,357
<b>Total revenues</b>	<b>\$1,401,947</b>	<b>\$5,123,228</b>	<b>\$4,063,996</b>	<b>\$5,432,732</b>	<b>\$16,021,903</b>
<b>Expenses:</b>					
Salaries and benefits	919,908	3,472,935	1,156,562	2,551,420	8,100,825
Materials and supplies	42,121	326,773	480,698	960,925	1,810,517
Contracted services	-	245,553	27,620	-	273,173
Professional fees	87,088	270,275	90,107	-	447,470
Rent and financial expenses	-	-	616,398	-	616,398
Marketing and promotion	56,565	14,747	565,119	-	636,431
Amortization	100,584	44,211	273,831	917,655	1,336,281
<b>Total expenses</b>	<b>1,206,266</b>	<b>4,374,494</b>	<b>3,210,335</b>	<b>4,430,000</b>	<b>13,221,095</b>
<b>Annual surplus</b>	<b>\$ 195,681</b>	<b>\$ 748,734</b>	<b>\$ 853,661</b>	<b>\$1,002,732</b>	<b>\$ 2,800,808</b>



Notes to Financial Statements (continued)

Year ended December 31, 2024

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**16. Comparative Figures:**

Certain comparative figures included in these financial statements have been reclassified to conform with the presentation adopted for the current year.



NIAGARA PENINSULA CONSERVATION AUTHORITY

Management Analytics - Statement of Operations and Accumulated Surplus

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

	2024 Budget	2024 Actual	2023 Actual	Year-over-Year Variance	Comments
<b>Revenues:</b>					
Government transfers					
Province of Ontario - MNR	\$ 90,000	\$ 90,083	\$ 90,083	\$ -	No variance to report
Province of Ontario – Other	\$ 450,660	\$ 598,778	\$ 533,471	\$ 65,307	Increases in the Niagara River Remedial Action Plan (RAP) and Drinking Source Water Protection Programs
Government of Canada	\$ 212,323	\$ 598,599	\$ 942,096	-\$ 343,497	2023 CCRF grant not repeated in 2024, offset by increased funding for 2B Trees and RAP
<b>Municipal levies:</b>					
General	\$ 7,040,886	\$ 7,040,886	\$ 6,947,104	\$ 93,782	Approved general levy increase
Special	\$ 2,305,211	\$ 2,290,550	\$ 2,087,776	\$ 202,774	Small increases to capital funding for Niagara and Haldimand; Hamilton largest portion (\$178K)
<b>Authority generated:</b>					
User fees, sales and admissions	\$ 3,322,447	\$ 3,394,767	\$ 3,046,338	\$ 348,429	Increased revenues in day use, camping, educational programming, filming and 3rd party agreements
Administration fees	\$ 754,800	\$ 886,992	\$ 785,211	\$ 101,781	Increases in plan review and compliance fees
Interest	\$ 82,000	\$ 248,743	\$ 219,922	\$ 28,821	Higher daily balances in 2024
Other	\$ 1,350,053	\$ 3,974,929	\$ 1,297,545	\$ 2,677,384	Land securement funding (\$1.53M) and capital funding (\$1.14M)
OPG - Welland river watershed	\$ -	\$ 178,399	\$ 72,357	\$ 106,042	Recognition of deferred revenue from OPG for approved project (land acquisition)
	\$ 15,608,380	\$ 19,302,726	\$ 16,021,903	\$ 3,280,823	

	2024 Budget	2024 Actual	2023 Actual	Year-over- Year Variance	Comments
<b>Expenses:</b>					
CAO and Administration	\$ 1,508,054	\$ 1,453,255	\$ 1,206,266	-\$ 246,989	Compensation review and recruitment expenses
Watershed	\$ 5,259,895	\$ 5,384,717	\$ 4,374,494	-\$ 1,010,223	Grant funding activity (offset by incremental revenue), compensation review
Corporate Services	\$ 3,473,153	\$ 4,193,220	\$ 3,210,335	-\$ 982,885	Compensation review, amortization, occupancy and relocation (with revenue offsets)
Conservation Areas	\$ 4,690,548	\$ 4,945,826	\$ 4,430,000	-\$ 515,826	Compensation review and amortization
	\$ 14,931,650	\$ 15,977,018	\$ 13,221,095	-\$ 2,755,923	
Annual surplus/(deficit)	\$ 676,730	\$ 3,325,708	\$ 2,800,808		
Accumulated surplus, beginning of year	\$ 33,334,975	\$ 33,334,975	\$ 30,534,167		
Accumulated surplus, end of year	\$ 34,011,705	\$ 36,660,683	\$ 33,334,975		

**NIAGARA PENINSULA CONSERVATION AUTHORITY**  
Management Analytics - Statement of Operations and Accumulated Surplus  
Year ended December 31, 2024, with comparative information for 2023

2024 Actual		Comments
Reconciliation - Annual Surplus to Operating Position, 2024		
2024 Annual Surplus - Statement of Operations	\$ 3,325,708	Per audited financial statements for fiscal year 2024 (above)
Less:		Eliminate the impact of disbursements not captured in operations (land securement, capital)
Capital Funding - Special Levy	\$ 2,200,583	Capital expenditures are not flowed to the Statement of Operations
Capital Funding - Other Sources	\$ 1,218,119	Capital expenditures are not flowed to the Statement of Operations
Federal Funding - Land Acquisitions	\$ 1,903,024	Land acquisition expenditures are not flowed to the Statement of Operations
Donation - Land Acquisition	\$ 130,000	Land acquisition expenditures are not flowed to the Statement of Operations
OPG - Land Acquisition	\$ 178,399	Land acquisition expenditures are not flowed to the Statement of Operations
Sub Total	\$ 5,630,125	
Add:		
Amortization	\$ 1,628,482	Non-cash expense - annual depreciation of tangible capital assets over their useful lives
2024 OPERATING DEFICIT	-\$ 675,935	
Reserve Support (Board approved and budgeted)	\$ 675,935	Reserve transactions do not flow to the Statement of Operations
Restated 2024 Annual Surplus/(Deficit)	\$ -	

Accumulated Surplus	
Accumulated Surplus consists of the following:	
Investesd in tangible capital assets	\$ 33,473,993
Reserves	\$ 3,346,490
Unfunded employee future benefits liability	-\$ 159,800
Accumulated Surplus as at December 31, 2024	\$ 36,660,683



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Fax – Applications: 905-935-0476  
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Web site: [www.nrh.ca](http://www.nrh.ca)

May 6, 2025

Ann-Marie Norio, Regional Clerk  
Niagara Region  
1815 Sir Isaac Brock Way  
Thorold, ON L2V 4T7

Dear Ms. Norio,

At their April 25, 2025 meeting, the Niagara Regional Housing Board of Directors passed the following motion as recommended in attached report NRH 4-2025:

### Recommendations

1. That the draft audited financial statements of Niagara Regional Housing as attached in Appendix 1 to report 25-231-4.1, for the year ended December 31, 2024 **BE APPROVED**;
2. That staff **BE DIRECTED** to co-ordinate with the auditors to finalize the statements as presented; and
3. That this report **BE FORWARDED** to the Region's Audit Committee for information.

Your assistance is requested in moving report NRH 4-2025 through proper channels to the Region's Audit Committee for information.

Sincerely,

Councillor Mat Siscoe  
Chair

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**Subject:** 2024 Draft Audited Financial Statements

**Report to:** Board of Directors of Niagara Regional Housing

**Report date:** Friday, April 25, 2025

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## Recommendations

1. That the draft audited financial statements of Niagara Regional Housing as attached in Appendix 1 to report 25-231-4.1, for the year ended December 31, 2024 **BE APPROVED**;
2. That staff **BE DIRECTED** to co-ordinate with the auditors to finalize the statements as presented; and
3. That this report **BE FORWARDED** to the Region's Audit Committee for information.

## Key Facts

- The purpose of this report is to obtain approval for the 2024 draft audited financial statements of Niagara Regional Housing (Appendix 1 to report 25-231-4.1).
- The requirement for an annual audit is established in the Housing Services Act and the Corporations Act for non-profit corporations.
- Niagara Regional Housing (NRH) received an unqualified audit opinion, which indicates that in KPMG's opinion, the financial information presented, in all material respects, is in accordance with Public Sector Accounting Standards (PSAS).
- KPMG has communicated that based on their audit procedures and assessment of significant audit risks, there were no adjustments required or material findings.
- Year-end funding surplus results were reported in report 25-230-4.3 in February 2025 and are consistent with the results reported in these audited financial statements adjusted for accrual accounting presentation required by PSAS.
- As per Financial Reporting and Forecasting Policy (C-F-020), financial statements and/or schedules prepared for Agencies, Boards or Commissions (ABC) will be approved by the governing board of the ABC. Upon NRH Board approval, the NRH CEO and Treasurer will be authorized to sign the auditors' representation letter to obtain the auditors' signed final report. The approved schedule will then be forwarded to Audit Committee for information.

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## Financial Considerations

The draft financial statements have been prepared in compliance with legislation and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada.

This report is presenting historical financial information. Niagara Regional Housing's budget is prepared and reported on a quarterly basis, whereas the audited financial statements are prepared using PSAS. Appendix 2 to report 25-231-4.1 reconciles the surplus per the audited Statement of Operations to the funding surplus based on the budget approach.

## Analysis

The draft financial statements of Niagara Regional Housing for the year ended December 31, 2024, attached in Appendix 1 to report 25-231-4.1, have been audited in accordance with Canadian PSAS. The external auditor (KPMG) has indicated that in their opinion, the financial statements present fairly, in all material respects, the statement of financial position of Niagara Regional Housing as at December 31, 2024 and the statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended. The financial statements are prepared using PSAS, making them comparable to other public sector organizations in Canada.

KPMG performed their audit in accordance with the master service agreement dated November 25, 2024, including safeguards and procedures to eliminate threats to independence. Significant audit risks were identified and assessed, and sufficient audit evidence was obtained to conclude that there are no material misstatements or adjustments required, and there were not any material uncertainties related to events or conditions that may cast significant doubt upon NRH's ability to continue operations. For the purpose of this assessment, materiality was determined as a misstatement that could reasonably be expected to influence the economic decisions of users and was estimated at 2.0% of total assets, or approximately \$4.4 million, in line with KPMG's standard methodology and guidance for entities which maintain significant tangible capital assets but without a focus on profit.

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## Alternatives Reviewed

The requirement for an annual audit is established in the Housing Services Act and the Corporations Act for non-profit corporations and therefore no other alternatives are available.

## Relationship to NRH and/or Council Strategic Priorities

Providing formal financial reporting to the NRH Board, Council and the public supports the Council Strategic Priority of Effective Region.

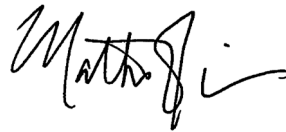
## Other Pertinent Reports

25-230-4.3	2024 Year-End Transfer Report
CSD 8-2025	2024 Year-End Results and Transfer Report



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**Submitted by:**  
Cameron Banach  
Chief Executive Officer



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**Approved by:**  
Mathew Siscoe  
Chair

This report was prepared by Sara Mota, Senior Program Financial Specialist, in consultation with Donovan D'Amboise, Manager Program Financial Support and reviewed by Melanie Steele, Associate Director, Reporting and Analysis.

## Appendices

Appendix 1	Draft 2024 Audited Financial Statements
Appendix 2	2024 Surplus Reconciliation

Financial Statements of

# **Niagara Regional Housing**

And Independent Auditor's Report thereon

**Year ended December 31, 2024**



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Niagara Region Housing

### Opinion

We have audited the financial statements of Niagara Regional Housing (the "Entity") which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations for the period ended December 31, 2024
- the statement of changes in net assets for the period ended December 31, 2024
- the statement of cash flows for the period ended December 31, 2024
- and notes and schedules to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements for the year-ended December 31, 2024 is prepared, in all material respects, in accordance with Canadian public sector accounting standards ("PSAS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Schedule**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the schedule in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Other Matter

The financial statements of Niagara Regional Housing as at and for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on April 19, 2024.

### Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with Canadian public sector reporting standards, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Schedule**

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the schedule, 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 Region Housing' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

[Date]

# Niagara Regional Housing

## Statement of Financial Position

As at December 31, 2024

	2024	2023
<b>FINANCIAL ASSETS</b>		
Cash	\$ 3,708,389	\$ 2,639,791
Accounts receivable	6,037,241	4,762,521
Due from Niagara Region	11,480,006	18,167,232
Total financial assets	21,225,636	25,569,544
<b>FINANCIAL LIABILITIES</b>		
Deferred revenue (note 4)	8,464,688	12,490,077
Mortgages and debentures (note 5)	27,890,927	33,252,693
Asset retirement obligations (note 6)	3,589,413	5,047,147
	39,945,028	50,789,917
Net debt	(18,719,392)	(25,220,373)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 7)	201,365,910	191,299,899
Prepaid expenses and deposits	-	58,878
	201,365,910	191,358,777
Commitments (note 9)		
Accumulated surplus (note 8)	\$ 182,646,518	\$ 166,138,404

The accompanying notes to the financial statements are an integral part of this financial statement.

# Niagara Regional Housing

## Statement of Operations

For the year ended December 31, 2024

	2024 Budget (note 10)	2024 Actual	2023 Actual
<b>REVENUES</b>			
Rental revenue	\$ 18,890,956	\$ 19,318,494	\$ 18,615,058
Subsidies			
Niagara Region	35,826,818	36,443,842	34,405,578
Federal and Provincial Government	7,287,445	7,287,445	11,575,505
Investment income	54,000	251,996	368,792
Contributed tangible capital assets	-	-	5,308,950
Development charge revenue	666,855	666,855	582,465
Sundry revenue	227,843	264,338	287,926
	<b>62,953,917</b>	<b>64,232,970</b>	<b>71,144,274</b>
Transferred to Niagara Region and reserves	(3,917,286)	(3,917,286)	(6,738,117)
	<b>59,036,631</b>	<b>60,315,684</b>	<b>64,406,157</b>
<b>EXPENSES</b>			
Property taxes	6,532,822	6,587,587	6,342,161
Support services – Niagara Region	7,055,113	7,144,340	7,998,145
Amortization	12,415,162	12,415,162	11,965,464
Accretion (Note 6)	144,419	144,419	158,869
Bad debts	157,500	233,845	270,558
Wages, salaries and benefits	367,480	382,106	373,602
Utilities	5,869,191	5,753,899	5,448,356
Materials and services	7,638,540	8,753,059	7,868,620
Interest on debenture and mortgage payments	780,077	772,237	877,528
Debenture payments (note 9)	396,959	396,959	1,215,971
Administration	923,911	908,221	1,461,389
Supplies and equipment	183,843	242,793	195,684
Government land lease	63,500	72,943	62,530
	<b>42,528,517</b>	<b>43,807,570</b>	<b>44,238,877</b>
Annual surplus	<b>16,508,114</b>	<b>16,508,114</b>	<b>20,167,280</b>
Accumulated surplus, beginning of year	<b>166,138,404</b>	<b>166,138,404</b>	<b>145,971,124</b>
Accumulated surplus, end of year	<b>\$182,646,518</b>	<b>\$182,646,518</b>	<b>\$166,138,404</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

## Niagara Regional Housing

### Statement of Change in Net Debt

For the year ended December 31, 2024

	2024 Budget (note 10)	2024 Actual	2023 Actual
<b>Annual surplus</b>	<b>\$ 16,508,114</b>	<b>\$ 16,508,114</b>	<b>\$ 20,167,280</b>
Acquisition of tangible capital assets, net of disposals	(22,481,173)	(22,481,173)	(30,235,657)
Amortization of tangible capital assets	12,415,162	12,415,162	11,965,464
Change in prepaid expenses	-	58,878	(58,878)
Change in net debt	6,442,103	6,500,981	1,838,209
Net debt, beginning of year	(25,220,373)	(25,220,373)	(27,058,582)
<b>Net debt, end of year</b>	<b>\$ (18,778,270)</b>	<b>\$ (18,719,392)</b>	<b>\$ (25,220,373)</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Niagara Regional Housing

## Statement of Changes in Cash Flows

For the year ended December 31, 2024

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 16,508,114	\$ 20,167,280
Items not involving cash:		
Amortization of tangible capital assets	12,415,162	11,965,464
Contributed tangible capital assets	-	(5,308,950)
Accretion expense	144,419	158,869
Change in non-cash assets and liabilities:		
Accounts receivable	(1,274,720)	1,591,076
Deferred revenue	(4,025,389)	9,298,542
Prepaid expenses	58,878	(58,878)
Net change in cash from operating activities	23,826,464	37,813,403
<b>CAPITAL ACTIVITY</b>		
Cash used to acquire tangible capital assets	(24,083,326)	(20,038,429)
<b>FINANCING ACTIVITIES</b>		
Mortgage and debenture repayments	(5,361,766)	(5,508,872)
Change in due from Niagara Region	6,687,226	(14,389,227)
Net change in cash from financing activities	1,325,460	(19,898,099)
Net change in cash	1,068,598	(2,123,125)
Cash, beginning of year	2,639,791	4,762,916
<b>Cash, end of year</b>	<b>\$ 3,708,389</b>	<b>\$ 2,639,791</b>
Cash paid for interest	\$ 772,237	\$ 877,528

The accompanying notes to the financial statements are an integral part of this financial statement.

# Niagara Regional Housing

## Notes to the Financial Statements

For the year ended December 31, 2024

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### 1. Description of operations

Niagara Regional Housing (the “Corporation” or “NRH”) was incorporated on December 17, 2001 under the laws of the Province of Ontario to perform all the duties and powers of an administrator under Section 15 of the Social Housing Reform Act.

On May 30, 2021, the Corporation transferred Program Manager responsibilities back to the Regional Municipality of Niagara (“Niagara Region”). NRH continues to be responsible for duties including, but not limited to, ownership and management of a real estate portfolio consisting of 3,051 apartments and houses and the power to purchase, construct or make alterations to a housing project.

### 2. Significant accounting policies

The financial statements of NRH 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”). A statement of remeasurement gains and losses has not been prepared as there are no items to report. Significant accounting policies adopted by the Corporation are as follows:

#### Accrued basis of accounting

The Corporation follows the accrual method of accounting for revenues and expenses. Rental revenue is recognized at the time the service is provided. Other 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.

#### 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.



# Niagara Regional Housing

## Notes to the Financial Statements

For the year ended December 31, 2024

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### 2. Significant accounting policies (continued)

#### Tangible capital assets

Tangible capital assets ("TCA") are recorded at cost which include amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, are amortized on a straight-line basis over their estimated useful lives as follows:

Land Improvements	5 – 50 years
Buildings	5 – 40 years
Equipment	15 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Work in progress assets are not amortized until the asset is available for productive use.

#### Asset retirement obligations

Asset Retirement Obligations ("ARO") represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use. The tangible assets include but are not limited to assets in productive use, assets no longer in productive use, and leased tangible capital assets.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for NRH to incur costs in relation to a specific TCA, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized for underlying assets that have been recorded and reported within the TCA values

# Niagara Regional Housing

## Notes to the Financial Statements

For the year ended December 31, 2024

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presented in the financial statements. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of

### 2. Significant accounting policies (continued)

#### Asset retirement obligations (continued)

money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates. In circumstances when the underlying asset is fully depreciated, the ARO will be amortized over the estimated future life until the cash disbursement is made in the future to settle the obligation.

At remediation, NRH derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the statement of operations.

#### Interest capitalization

The Corporation'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.

#### Leases

Leases are classified as operating or capital 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.

#### Government transfers

Government transfers are recognized as revenue in the 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.

# Niagara Regional Housing

## Notes to the Financial Statements

For the year ended December 31, 2024

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### 2. Significant accounting policies (continued)

#### Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Amounts requiring significant estimates include accrued liabilities and useful lives of tangible capital assets. Actual results could differ from these estimates.

### 3. Adoption of Public Sector Accounting Standards

On January 1, 2024, the Corporation adopted Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance consistency of revenue recognition and its measurement. The adoption of this new standard did not have a material impact on the amounts presented in the financial statements.

### 4. Deferred revenue

Deferred revenues reported on the statement of financial position is made up of the following:

	2024	2023
Canada Mortgage and Housing Corporation	7,924,602	11,950,217
Other	540,086	539,860
Balance, end of year	\$ 8,464,688	\$ 12,490,077

## Niagara Regional Housing

### Notes to the Financial Statements

For the year ended December 31, 2024

#### 5. Mortgages and debentures

Amounts consist of mortgages secured by the income producing properties of the Corporation. As at December 31, 2024, the unpaid balances of these mortgages and debentures are as follows:

	2024	2023
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 3.30% due in 2024	\$ -	281,198
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.15% to 2.80% due in 2025	\$ 322,000	635,000
Debenture for Niagara Regional Housing capital program bearing interest at 2.25% due in 2025	\$ 120,399	238,131
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 2.40% due in 2026	\$ 1,202,486	1,784,405
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 2.45% due in 2027	\$ 546,651	721,009
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 2.05% to 3.15% due in 2028	\$ 2,930,000	3,611,000
Ontario Infrastructure and Lands Corporation amortization debenture for Niagara Regional Housing capital program bearing interest at 3.74% due in 2042	\$ 3,264,407	3,389,622
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 2.00% to 2.40% due in 2029	\$ 8,004,166	9,489,138
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 0.6% to 1.6% due in 2030	\$ 2,129,800	2,423,510

# Niagara Regional Housing

## Notes to the Financial Statements

For the year ended December 31, 2024

### 5. Mortgages and debentures (continued)

	2024	2023
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 0.4% to 2.1% due in 2031	\$ 5,840,000	6,630,000
Mortgage payable, secured by a rental property, a general assignment for rent and a chattel mortgage, interest at a rate of 4.31%, due in 2029	\$ 1,631,747	1,946,224
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 3.4% to 4.2% due in 2032	\$ 1,899,271	2,103,456
	<b>\$ 27,890,927</b>	<b>\$ 33,252,693</b>

The annual principal payments are as follows:

Year	Amount
2025	\$ 5,200,777
2026	4,922,687
2027	4,417,426
2028	4,334,940
2029	3,559,646
Thereafter	5,455,451
<b>Total principal payments</b>	<b>\$ 27,890,927</b>

Niagara Regional Housing  
Notes to the Financial Statements  
For the year ended December 31, 2024

6. Asset Retirement Obligations

Asbestos

NRH owns buildings which contain asbestos, and therefore, NRH is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are an abatement cost between 2027 and 2059 of \$4,948,450. The estimated total liability of \$3,327,469 (2023 - \$4,743,365) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4.25% (2023 – 3.25%) and assuming annual inflation of 2.00% (2023 – 1.75%). The Region has not designated funds for settling the abatement activities.

	2024	2023
Balance, beginning of year	\$ 4,743,365	\$ 4,594,058
Adjustment for updated assumptions	(1,549,636)	-
Accretion expense	133,740	149,307
<b>Balance, end of year</b>	<b>\$3,327,469</b>	<b>\$4,743,365</b>

Lease

NRH entered into a lease agreement, expiring March 31, 2041, for land on which a 40-unit apartment building was built. Although NRH is not expecting to terminate the lease, upon termination, NRH must sever and remove all structures from the land. If NRH were to terminate the lease, undiscounted future cash flows expected are a demolition cost in 2041 of \$372,132. The estimated total liability of \$261,944 (2023 - \$303,782) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4.25% (2023 – 3.25%) and assuming annual inflation of 2.00% (2023 – 1.75%). The Region has not designated funds for settling the abatement activities.

	2024	2023
Balance, beginning of year	\$ 303,782	\$ 294,220
Adjustment for Updated Assumptions	(52,517)	-
Accretion expense	10,679	9,562
<b>Balance, end of year</b>	<b>\$261,944</b>	<b>\$303,782</b>

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2024

7.     Tangible capital assets

	2024					
	Land	Land Improvements	Building	Equipment	Work in progress	Total
<b>Cost</b>						
Balance, beginning of year	\$49,093,343	\$12,985,717	\$242,258,251	\$5,565,530	\$7,816,044	\$317,718,885
Additions	-	3,202,310	23,308,935	178,794	(2,606,713)	24,083,326
Asset retirement obligations	-	-	(1,602,153)	-	-	(1,602,153)
Disposals	-	-	-	(365,839)	-	(365,839)
<b>Balance, end of year</b>	<b>\$49,093,343</b>	<b>\$16,188,027</b>	<b>\$263,965,033</b>	<b>\$5,378,485</b>	<b>\$5,209,331</b>	<b>\$339,834,219</b>
<b>Accumulated Amortization</b>						
Balance, beginning of year	-	\$3,394,311	\$120,583,423	\$2,441,252	-	\$126,418,986
Disposals	-	-	-	(365,839)	-	(365,839)
Amortization expense	-	706,117	11,328,313	380,732	-	12,415,162
<b>Balance, end of year</b>	<b>-</b>	<b>\$4,100,428</b>	<b>\$131,911,736</b>	<b>\$2,456,145</b>	<b>-</b>	<b>\$138,468,309</b>
<b>Net Book Value, end of year</b>	<b>\$49,093,343</b>	<b>\$12,087,599</b>	<b>\$132,053,297</b>	<b>\$2,922,340</b>	<b>\$5,209,331</b>	<b>\$201,365,910</b>

Niagara Regional Housing  
Notes to the Financial Statements  
For the year ended December 31, 2024

7. Tangible capital assets (continued)

	2023					
	Land	Land Improvements	Building	Equipment	Work in progress	Total
<b>Cost</b>						
Balance, beginning of year	\$42,731,007	\$11,278,974	\$217,494,530	\$5,695,293	\$11,330,374	\$288,530,178
Additions	6,362,336	2,155,388	19,875,444	468,542	(3,514,330)	25,347,380
Asset retirement obligations	-	-	4,888,277	-	-	4,888,277
Disposals	-	(448,645)	-	(598,305)	-	(1,046,950)
<b>Balance, end of year</b>	<b>\$49,093,343</b>	<b>\$12,985,717</b>	<b>\$242,258,251</b>	<b>\$5,565,530</b>	<b>\$7,816,044</b>	<b>\$317,718,885</b>
<b>Accumulated Amortization</b>						
Balance, beginning of year	-	\$3,257,697	\$109,577,711	\$2,665,064	-	\$115,500,472
Disposals	-	(448,645)	-	(598,305)	-	(1,046,950)
Amortization expense	-	585,259	11,005,712	374,493	-	11,965,464
<b>Balance, end of year</b>	<b>-</b>	<b>\$3,394,311</b>	<b>\$120,583,423</b>	<b>\$2,441,252</b>	<b>-</b>	<b>\$126,418,986</b>
<b>Net Book Value, end of year</b>	<b>\$49,093,343</b>	<b>\$9,591,406</b>	<b>\$121,674,828</b>	<b>\$3,124,278</b>	<b>\$7,816,044</b>	<b>\$191,299,899</b>



# Niagara Regional Housing

## Notes to the Financial Statements

For the year ended December 31, 2024

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### 7. Tangible capital assets (continued)

#### Assets under construction

Assets under construction at December 31, 2024 valued at \$5,209,331 (2023 - \$7,816,044) have not been amortized. Amortization of these assets will commence when the asset is put into service.

#### Contributed tangible capital assets

Contributed capital assets have been recognized at fair market value at the date of contribution.

#### Tangible capital assets disclosed at nominal values

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.

#### Write-down of tangible capital assets

The write-down of tangible capital assets during the year was \$nil (2023 - \$nil).

### 8. Accumulated Surplus

Accumulated surplus consists of individual fund surplus as follows:

	2024	2023
Invested in tangible capital assets	\$ 173,474,982	\$ 158,047,206
Capital fund: Unexpended capital financing	12,608,227	12,985,623
Operating fund	152,722	152,722
Unfunded Asset Retirement Obligation	(3,589,413)	(5,047,147)
Total accumulated surplus	\$ 182,646,518	\$ 166,138,404

## Niagara Regional Housing

### Notes to the Financial Statements

For the year ended December 31, 2024

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#### 9. Commitments

The Corporation is committed to paying principal and interest payments on provincial debentures issued to finance the properties owned and operated by the Corporation. These debentures amount to \$701,996 (2023 - \$1,805,838) and payments during the year of \$396,959 (2023 – \$1,215,971) have been charged to current operations.

Draft

# Niagara Regional Housing

## Notes to the Financial Statements

For the year ended December 31, 2024

### 10. Budget data

The budget data presented in these financial statements is based upon the 2024 operating and capital budgets approved by the NRH Board on October 20, 2023. 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 on actual projects that took place during the year to reflect the same basis of accounting that was used to report the actual results.

The chart below reconciles the approved budget to the budget figures reported in these financial statements, in accordance with PSAS.

	Budget Amount
<b>REVENUES</b>	
Operating	
Approved Operating Revenue	\$ 37,646,253
Capital	25,307,664
Less:	
Surplus transferred to Niagara Region and transferred to reserves	(3,917,286)
Total revenue	59,036,631
<b>EXPENSES</b>	
Operating	
Approved Operating Expenses	37,646,253
Add:	
Amortization	12,415,162
Accretion	144,419
Expenditures included in capital fund	273,494
Less:	
Transfers to reserves	(2,589,045)
Transfers to capital	-
Debt principal payments	(5,361,766)
Total expenses	42,528,517
Annual surplus	\$ 16,508,114

## Niagara Regional Housing

### Notes to the Financial Statements

For the year ended December 31, 2024

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#### 11. Risks

##### Credit risk

The Corporation is subject to credit risks from its tenants as a result of counterparty default. This risk is mitigated by prudent monitoring procedures.

##### Interest rate risk

The Corporation is subject to interest rate fluctuations on its mortgages and long-term debt. The Corporation current does not use any hedging strategies to mitigate this interest rate exposure.

Draft

## Niagara Regional Housing

### Schedule of Financial Activities – Operating Fund

For the year ended December 31, 2024

This schedule is an operating statement that reflects the results of operations that flow through the Operating Fund and therefore exclude capital activities.

	2024 Budget	2024 Actual	2023 Actual
<b>REVENUES</b>			
Rental revenue	\$18,890,956	\$19,318,494	\$18,615,058
Subsidies			
Niagara Region	18,076,495	18,498,213	18,771,060
Federal and Provincial Government	396,959	396,959	1,215,971
Investment income	54,000	251,996	368,792
Sundry revenue	227,843	264,338	287,926
	<b>37,646,253</b>	<b>38,730,000</b>	<b>39,258,807</b>
<b>EXPENSES</b>			
Property taxes	6,532,822	6,587,586	6,315,568
Support services – Niagara Region	7,055,113	7,144,340	7,998,145
Bad debts	157,500	233,845	270,558
Wages, salaries and benefits	367,480	382,106	373,602
Utilities	5,865,300	5,750,009	5,448,356
Materials and services	7,755,403	8,869,922	7,838,703
Interest on debenture and mortgage payments	780,077	772,237	877,528
Debenture payments (note 7)	396,959	396,959	1,215,971
Administration	545,037	529,348	471,257
Supplies and equipment	176,251	235,200	173,332
Government land lease	63,500	72,943	62,530
	<b>29,695,442</b>	<b>30,974,495</b>	<b>31,045,550</b>
Annual surplus	<b>7,950,811</b>	<b>7,755,505</b>	<b>8,213,257</b>
<b>FINANCING AND TRANSFERS</b>			
Transfer to reserves	(2,589,045)	(2,589,045)	(2,989,045)
Transfer from Niagara Region	-	195,306	284,660
Debt principal payments	(5,361,766)	(5,361,766)	(5,508,872)
	<b>(7,950,811)</b>	<b>(7,755,505)</b>	<b>(8,213,257)</b>
Operating fund balance, end of year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

**Appendix 2: 2024 Surplus Reconciliation**

	<b><u>Approved Budget</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
<b>Based on budget approach</b>			
Niagara Regional Housing Operating Surplus(Deficit) per CSD 8-2025	\$ -	\$ (195,306)	\$ (284,660)
Year-end Transfer from Niagara Region per CSD 8-2025	-	195,306	284,660
<b>Budget Approach Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PSAS Presentation Adjustments:</b>			
<b>Capital</b>			
Recognize amortization	(12,415,162)	(12,415,162)	(11,965,464)
Recognize in year capital program revenues	25,307,664	25,307,664	31,600,808
Recognize expenditures included in capital fund	(273,494)	(273,494)	(1,068,995)
<b>Capital Subtotal</b>	<b>12,619,008</b>	<b>12,619,008</b>	<b>18,566,349</b>
<b>Funded</b>			
Remove principal debt repayments	5,361,766	5,361,766	5,508,872
Remove net transfers to reserves	(1,328,241)	(1,328,241)	(3,749,072)
<b>Funded Subtotal</b>	<b>4,033,525</b>	<b>4,033,525</b>	<b>1,759,800</b>
<b>Unfunded</b>			
Recognize accretion on Asset Retirement Obligation	(144,419)	(144,419)	(158,869)
<b>Unfunded Subtotal</b>	<b>(144,419)</b>	<b>(144,419)</b>	<b>(158,869)</b>
<b>Annual surplus per PSAS financial statements</b>	<b>\$ 16,508,114</b>	<b>\$ 16,508,114</b>	<b>\$ 20,167,280</b>

A balanced operating budget was approved by Council on December 14, 2023. The operating surplus presented at the top of the chart represents the actual financial results of Niagara Regional Housing compared to the operating budget. Since Niagara Regional Housing is required to report its annual surplus using Public Sector Accounting standards (PSAS), a number of adjustments are required in order for the financial results to conform with PSAS. For example, in the operating budget, capital projects are recognized when funding is allocated; however, in order to conform with PSAS, an adjustment is required as capital projects should be expensed over time through amortization, rather than immediately.

**Subject:** Court Services 2024 Draft Audited Schedule of Revenues, Expenses and Funds Available for Distribution

**Report to:** Joint Board of Management

**Report date:** Thursday, April 17, 2025

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## **Recommendations**

1. That the draft audited Schedule of Revenues, Expenses and Funds Available for Distribution for the year ended December 31, 2024, for The Regional Municipality of Niagara Court Services (Court Services) as presented in Appendix 1 to Report JBM-C 2-2025 **BE APPROVED**;
2. That staff **BE DIRECTED** to coordinate with the auditor to finalize the statements as presented; and
3. That this report **BE FORWARDED** to the Region's Audit Committee and to the Ministry of the Attorney General as per the Memorandum of Understanding, for information as required.

## **Key Facts**

- The purpose of this report is to formally present and seek Joint Board of Management (JBM) approval of the 2024 draft audited Schedule of Revenues, Expenses and Funds Available for Distribution (the schedule) attached as Appendix 1 to Report JBM-C 2-2025.
- Court Services received an unmodified audit opinion which indicates that in KPMG's opinion the financial information presented, in all material respects, is in accordance with the financial reporting provisions in the Niagara Region Courts Inter-Municipal Agreement dated April 26, 2000, and Amending Agreement dated October 13, 2022.
- As per Financial Reporting and Forecasting Policy C-F-020, financial statements and/or schedules prepared for Agencies, Boards, or Commissions (ABCs) are required to be approved by the governing board of the ABC and then referred to Audit Committee for information.
- As Court Services is an ABC of the Niagara Region, the Court Services operating results included in the schedule are incorporated into the Niagara Region's consolidated financial statements. Niagara Region's consolidated financial

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statements will be presented to Audit Committee on May 20, 2025, and recommended for approval at Council on May 22, 2025.

### **Financial Considerations**

The draft audited schedule has been prepared in compliance with legislation and in accordance with the financial reporting provisions in the Niagara Region Courts Inter-Municipal Agreement dated April 26, 2000, as amended.

A copy of the draft audited schedule for the year ended December 31, 2024, is attached as Appendix 1 to Report JBM-C 2-2025.

The schedule is prepared specifically for the purposes of meeting the requirements outlined in the Niagara Region Courts Inter-Municipal Agreement, as amended, and may not be suitable for other purposes.

### **Analysis**

The Region's external auditors, KPMG, completed the audit of the financial information in the schedule. The auditors have indicated that, in their opinion, the financial information for the year ended December 31, 2024, is prepared, in all material respects, in accordance with the financial reporting provisions in the Niagara Region Courts Inter-Municipal Agreement dated April 26, 2000, as amended.

This report is fully aligned with JBM-C 3-2025 2024 Year End Report for Provincial Offences Court which outlines the financial results and distributions to municipalities of the program.

### **Alternatives Reviewed**

The draft audited schedule of revenues, expenses and funds available for distribution is prepared in accordance with the Niagara Region Courts Inter-Municipal Agreement dated April 26, 2000, as amended, and the Financial Reporting and Forecasting Policy C-F-020. Therefore, no alternative is available.

### **Relationship to Council Strategic Priorities**

This report supports the Effective Region Council Strategic Priority through the delivery of fiscally responsible services, in accordance with the Intermunicipal Agreement.



## Other Pertinent Reports

JBM-C 3-2025      2024 Year End Report for Provincial Offences Court

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**Prepared by:**

Melanie Steele, MBA, CPA, CA  
Associate Director, Reporting & Analysis  
Corporate Services

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**Recommended by:**

Dan Carnegie  
Commissioner/Treasurer  
Corporate Services

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**Submitted by:**

Ron Tripp, P.Eng.  
Chief Administrative Officer

This report was prepared in consultation with Adam Niece, Program Financial Specialist and Miranda Vink, Associate Director, Court Services, and reviewed by Renee Muzzell, Manager, Program Financial Support and Donna Gibbs, Director, Legal and Court Services.

## Appendices

Appendix 1    2024 Draft Schedule of Revenues, Expenditures and Funds Available for Distribution

Schedule of revenues, expenses and funds available for  
distribution

## **The Regional Municipality of Niagara Court Services**

December 31, 2024

# **The Regional Municipality of Niagara Court Services December 31, 2024**

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# Independent Auditors' Report

To those charged with governance of The Regional Municipality of Niagara Court Services

## Opinion

We have audited the accompanying schedule of revenues, expenses and funds available for distribution of The Regional Municipality of Niagara Court Services (the "Court Services") for the year-ended December 31, 2024 and notes to the schedule (collectively referred to as the "schedule").

In our opinion, the accompanying schedule for the year-ended December 31, 2024 is prepared, in all material respects, in accordance with the financial reporting provisions in the Niagara Region Courts Intermunicipal Agreement dated April 26, 2000.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Schedule**" section of our auditor's report.

We are independent of the Court Services in accordance with the ethical requirements that are relevant to our audit of the schedule 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.

## Emphasis of Matter

We draw attention to Note 1 in the schedule, which describes the applicable financial reporting framework and the purpose of the schedule.

As a result, the schedule may not be suitable for another purpose.

Our opinion is not modified as a result of this matter.

## Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with the financial reporting provisions in the Niagara Region Courts Intermunicipal Agreement dated April 26, 2000, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Court Services' financial reporting process.

## **Auditor's Responsibilities for the Audit of the Schedule**

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the schedule, 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 Court Services' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

[Date]

# The Regional Municipality of Niagara Court Services

## Schedule of Revenue, Expenditures & Funds Available for Distribution

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

	2024 Budget	2024 Actual	2023 Actual
	\$	\$	\$
Revenue (schedules 1 & 2):			
Offence receipts and other revenue	9,910,228	11,797,805	8,103,408
	9,910,228	11,797,805	8,103,408
Controllable Expenditures (schedules 1 & 2):			
Salaries and benefits	2,996,620	2,562,147	2,072,922
Program support costs (note 4)	1,254,298	1,273,910	1,345,204
Collection charges	180,000	146,770	177,017
Legal	50,000	38,026	32,442
Call in prosecution	160,000	-	-
Payment processing costs	140,976	196,949	103,631
Telephone	8,300	9,148	6,768
Office and administration	122,836	116,595	66,249
	4,913,030	4,343,545	3,804,233
Uncontrollable Expenditures (schedules 1 & 2):			
Revenue collected on behalf of other municipalities/provinces	80,000	194,453	129,894
Victim fine surcharge	1,530,020	1,875,581	1,299,721
Adjudication	475,930	251,361	203,916
Dedicated fines	20,000	89,925	99,363
Other provincial expenditures	430,446	311,576	203,009
	2,536,396	2,722,896	1,935,903
Total expenditures	7,449,425	7,066,441	5,740,136
Excess of revenue over expenditures	2,460,803	4,731,365	2,363,272
Change in employee benefits and other liabilities	-	20,996	(65,711)
Transfer to Niagara Region (note 2)	(2,297,212)	(1,454,103)	(971,089)
Funds available for distribution (note 3)	163,592	3,298,258	1,326,472

# **The Regional Municipality of Niagara Court Services**

## **Notes to the Schedule**

### **December 31, 2024**

#### **1 Significant accounting policies**

The schedule of revenues, expenses and funds available for distribution of The Regional Municipality of Niagara Court Services has been prepared by management in accordance with the financial reporting provisions in the Niagara Region Courts Intermunicipal Agreement dated April 26, 2000 (the “agreement”).

Significant accounting policies are as follows:

##### **Revenues**

Revenues are recorded on a cash basis.

##### **Expenses**

Court Services follows the accrual method of accounting for controllable expenses. Controllable 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.

Uncontrollable expenses are recorded on a cash basis.

##### **Capital assets**

Capital assets and amortization of capital assets are not reported as expenses on the schedule of revenue and expenses and funds available for distribution.

##### **Transfers to reserves**

Transfers to reserves are based on approval by the Board, as provided for in section 8.6 of the agreement.

##### **Employee future benefits**

Court Services provides certain employee benefits which will require funding in future periods. These benefits include sick leave, life insurance, extended health, and dental benefits for early retirees.

The costs of sick leave, life insurance, extended health and dental benefits are actuarially determined using management’s best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, long term inflation rates and discount rates. The cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

# The Regional Municipality of Niagara Court Services

## Notes to the Schedule

### December 31, 2024

#### 2 Transfer to Niagara Region

Transfers Related to Base Operations:

Court Services transferred \$200,000 (2023 - \$200,000) to the Niagara Region in 2024. In addition, \$200,000 was transferred to the Court Services Facility Renewal reserve.

The following represents the transactions through the Court Services Facility Renewal reserve:

	2024	2023
	\$	\$
Reserve held by the Niagara Region, beginning of year	<b>4,101,104</b>	3,901,104
Transfers during the year to reserve from operating budget	<b>200,000</b>	200,000
Reserve held by the Niagara Region, end of year	<b>4,301,104</b>	4,101,104

Transfers Related to Automated Enforcement Operations:

As permitted in the Intermunicipal Agreement, Court Services has transferred Automated Enforcement net revenues of \$1,254,103 (2023 - \$771,089) to the Niagara Region's Transportation Services division to recover its Automated Enforcement program related costs.



# The Regional Municipality of Niagara Court Services

## Notes to the Schedule

### December 31, 2024

#### 3 Distribution to area municipalities

Court Services net revenue distribution (net expenditure recovered) by municipality is as follows:

	Budget	2024	2023
	\$	\$	\$
Region of Niagara	<b>81,796</b>	<b>1,649,129</b>	663,236
Niagara Falls	<b>15,753</b>	<b>317,586</b>	128,385
Port Colborne	<b>2,534</b>	<b>51,095</b>	20,603
St. Catharines	<b>19,614</b>	<b>395,457</b>	160,964
Thorold	<b>3,882</b>	<b>78,265</b>	30,008
Welland	<b>6,795</b>	<b>137,001</b>	54,322
Fort Erie	<b>5,370</b>	<b>108,272</b>	42,682
Grimsby	<b>6,423</b>	<b>129,496</b>	52,146
Lincoln	<b>5,577</b>	<b>112,431</b>	45,426
Niagara-on-the-Lake	<b>7,342</b>	<b>148,017</b>	59,892
Pelham	<b>3,893</b>	<b>78,478</b>	31,158
Wainfleet	<b>1,505</b>	<b>30,346</b>	12,200
West Lincoln	<b>3,108</b>	<b>62,685</b>	25,450
	<b>163,592</b>	<b>3,298,258</b>	1,326,472

# The Regional Municipality of Niagara Court Services

## Notes to the Schedule

### December 31, 2024

#### 3 Distribution to area municipalities (continued)

Distribution to area municipalities for 2024 net revenues:

	Excluding Automated Enforcement	Automated Enforcement Only
	\$	\$
Region of Niagara	150,780	1,498,349
Niagara Falls	29,037	288,549
Port Colborne	4,672	46,423
St. Catharines	36,157	359,300
Thorold	7,156	71,109
Welland	12,526	124,475
Fort Erie	9,899	98,373
Grimsby	11,840	117,656
Lincoln	10,280	102,151
Niagara-on-the-Lake	13,533	134,484
Pelham	7,175	71,303
Wainfleet	2,775	27,571
West Lincoln	5,730	56,955
	301,560	2,996,698

#### 4 Program support costs

Court Services records direct operating expenses to their respective activity. The Regional Municipality of Niagara has a consolidated cost allocation policy with a guiding principle of more closely aligning indirect costs with the support programs and services as defined by the Province in the Financial Information Return (FIR) guidelines. The methodology allocates these indirect costs to end programs/services based on usage drivers.

Under this methodology, all departments providing program/service support functions will allocate their costs using drivers specific to each type of expense.

# The Regional Municipality of Niagara Court Services

## Notes to the Schedule

### December 31, 2024

#### 4 Program support costs (continued)

Program support costs which have been allocated are:

	Budget	2024	2023
	\$	\$	\$
Finance services	158,888	175,557	133,807
Human resources services	59,081	60,790	48,981
Information technology services	144,012	153,074	218,212
Legal services	57,448	59,912	53,039
Insurance costs	2,225	1,859	2,598
Printing costs	371	777	470
Mail costs	8,474	9,445	8,187
Communications costs	1,081	949	1,919
Facilities costs	822,718	811,547	877,991
	1,254,298	1,273,910	1,345,204

Program Support Costs Excluding Automated Enforcement:

	Budget	2024	2023
	\$	\$	\$
Finance services	143,044	155,535	133,767
Human resources services	57,475	49,007	44,370
Information technology services	132,085	117,926	206,490
Legal services	57,448	59,912	53,039
Insurance costs	2,155	1,795	2,598
Printing costs	371	777	470
Mail costs	8,474	9,445	8,187
Communication costs	1,081	949	1,919
Facilities costs	822,718	811,547	877,992
	1,224,850	1,206,893	1,328,831

# The Regional Municipality of Niagara Court Services

## Notes to the Schedule

### December 31, 2024

#### 4 Program support costs (continued)

Program Support Costs for Automated Enforcement Only:

	<b>Budget</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Finance services	<b>15,844</b>	<b>20,021</b>	40
Human resources services	<b>1,606</b>	<b>11,783</b>	4,611
Information technology services	<b>11,927</b>	<b>35,148</b>	11,722
Insurance costs	<b>70</b>	<b>64</b>	0
	<b>29,447</b>	<b>67,017</b>	16,373

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# The Regional Municipality of Niagara Court Services

## Schedule 1

### Court Services Schedule of Revenues, Expenses & Funds Available for Distribution (excluding Automated Enforcement)

For the year ended December 31, 2024

	2024 Budget	2024 Actual	2023 Actual
Revenues:			
Offence receipts and other revenue	\$ 5,190,800	\$ 5,635,258	\$ 6,867,533
Total revenues	5,190,800	5,635,258	6,867,533
Controllable Expenditures:			
Salaries and benefits	2,100,507	2,079,224	1,883,650
Program support costs (note 4)	1,224,850	1,206,893	1,328,831
Collection charges	180,000	142,853	177,017
Legal	50,000	38,026	32,442
Payment processing costs	81,000	96,815	91,431
Telephone	8,300	7,673	6,768
Office and administration	86,932	87,059	63,624
	3,731,589	3,658,543	3,583,763
Uncontrollable Expenditures:			
Revenue collected on behalf of other municipalities/provinces	80,000	194,583	129,894
Victim fine surcharge	519,120	821,757	1,085,861
Adjudication	250,000	228,414	203,916
Dedicated fines	20,000	81,367	99,363
Other provincial expenditures	226,500	170,159	172,553
	1,095,620	1,496,150	1,691,587
Total expenditures	4,827,208	5,154,694	5,275,350
Excess of revenue over expenditures	363,592	480,564	1,592,183
Change in employee benefits and other liabilities	-	20,996	(65,711)
Transfer to Niagara Region (note 2)	(200,000)	(200,000)	(200,000)
Funds available for distribution (note 3)	\$ 163,592	\$ 301,560	\$ 1,326,472

# The Regional Municipality of Niagara Court Services

## Schedule 2

### Court Services Schedule of Revenues, Expenses & Funds Available for Distribution (Automated Enforcement)

For the year ended December 31, 2024

	2024 Budget	2024 Actual	2023 Actual
Revenues:			
Offence receipts and other revenue	\$ 4,719,428	\$ 6,162,547	\$ 1,235,874
Total revenues	4,719,428	6,162,547	1,235,874
Controllable Expenditures:			
Salaries and benefits	896,113	482,922	189,272
Program support costs (note 4)	29,447	67,017	16,373
Collection charges	-	3,917	-
Call in prosecution	160,000	-	-
Payment processing costs	59,976	100,134	12,200
Telephone	-	1,475	-
Office and administration	35,904	29,536	2,625
	1,181,440	685,001	220,470
Uncontrollable Expenditures:			
Victim fine surcharge	1,010,900	1,053,824	213,860
Adjudication	225,930	22,947	-
Dedicated fines	-	8,558	-
Other provincial expenditures	203,946	141,417	30,456
	1,440,776	1,226,746	244,316
Total expenditures	2,622,216	1,911,746	464,786
Excess of revenue over expenditures	2,097,212	4,250,801	771,089
Transfer to Niagara Region (note 2)	(2,097,212)	(1,254,103)	(771,089)
Funds available for distribution (note 3)	\$ -	\$ 2,996,698	\$ -