

Schedule of revenues, expenses and funds available for distribution

The Regional Municipality of Niagara Court Services

December 31, 2019

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Independent Auditor's Report

To the Board Members 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, 2019 and notes to the schedule (collectively referred to as the "schedule").

In our opinion, the accompanying schedule of the Court Services for the year ended December 31, 2019, 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Schedule* section of our 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 - Basis of Accounting

We draw attention to Note 1 to the schedule, which describes the basis of accounting. The schedule is prepared to assist the Court Services in complying with the financial reporting provisions in the Niagara Region Courts Intermunicipal Agreement dated April 26, 2000. As a result, the schedule may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and the Board of Directors for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with the basis of accounting as described in Note 1, 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.

The Board of Directors 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 GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this schedule.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

Original signed by Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 3, 2020

The Regional Municipality of Niagara

Court Services

Schedule of revenues, expenses and funds available for distribution
year ended December 31, 2019

		2019	2018
	Budget	Actual	Actual
	\$	\$	\$
Revenues			
Offence receipts	6,742,000	7,026,052	7,347,729
Proceeds on sale of surplus land (Note 5)	-	215,163	-
	6,742,000	7,241,215	7,347,729
Controllable expenses			
Salaries and benefits	2,042,532	1,609,856	1,756,743
Program support costs (Note 4)	1,234,056	1,158,189	1,306,159
Collection charges	110,000	242,254	167,256
Legal	73,620	31,688	80,348
Payment processing costs	67,500	75,253	74,299
Ticket data capture	2,000	784	-
Telephone	9,700	8,162	8,628
Business forms	4,000	6,842	3,573
Building and equipment rental	500	253	253
Office and administration	42,520	56,161	57,623
	3,586,428	3,189,442	3,454,882
Uncontrollable expenses			
Payments to other municipalities/provinces	250,000	296,078	265,523
Victim fine surcharge	1,000,000	1,034,291	1,048,736
Adjudication	450,000	370,536	421,308
Dedicated fines	20,000	31,325	17,001
Other provincial expenses	226,000	214,956	213,923
	1,946,000	1,947,186	1,966,491
Total expenses	5,532,428	5,136,628	5,421,373
Excess of revenues over expenses	1,209,572	2,104,587	1,926,356
Change in employee benefits and other liabilities	-	(6,547)	(657)
Transfer to Niagara Region (Note 2)	-	-	(43,847)
Funds available for distribution (Note 3)	1,209,572	2,098,040	1,881,852

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

The Regional Municipality of Niagara Court Services

Notes to the schedule

December 31, 2019

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 statement of receipts 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.

2. Transfer to Niagara Region

Court Services transferred \$nil (2018 - \$43,847) to the Niagara Region Capital Program.

The Niagara Region currently holds \$2,876,247 (2018- \$1,650,000) in a Court Services Facility Renewal reserve to be used by Court Services on future capital projects. During the year, a total of \$1,226,247 was returned to the Court Services Facility Renewal reserve as the funds were not required to complete the Court Facilities Renewal Project that had previously been allocated to Court Services.

The Regional Municipality of Niagara Court Services

Notes to the schedule

December 31, 2019

3. Distribution to area municipalities

Court Services revenue distribution by municipality is as follows:

	Budget	2019	2018
	\$	\$	\$
Region of Niagara	604,786	1,049,020	940,926
Niagara Falls	117,933	204,559	182,546
Port Colborne	19,414	33,674	30,882
St. Catharines	153,374	266,031	242,344
Thorold	24,010	41,646	36,658
Welland	48,685	84,446	76,667
Fort Erie	39,009	67,662	61,331
Grimsby	47,052	81,614	71,015
Lincoln	39,130	67,872	60,602
Niagara-on-the-Lake	54,612	94,726	84,018
Pelham	27,820	48,255	43,474
Wainfleet	11,189	19,407	17,242
West Lincoln	22,559	39,128	34,147
	1,209,572	2,098,040	1,881,852

Included in the current year funds available for distribution of \$2,098,040 is an amount of \$888,468, which is in excess of the budgeted funds available for distribution of \$1,209,572. The current year funds available for distribution have been split between the local area municipalities and the Region in accordance with the Niagara Region Courts Intermunicipal Agreement dated April 26, 2000.

The Regional Municipality of Niagara Court Services

Notes to the schedule

December 31, 2019

4. Program support costs

Court Services records direct operating expenses to their respective activity. In addition, in 2013, the Niagara Region established its first 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). The new 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.

Program support costs which have been allocated are:

	Budget	2019	2018
	\$	\$	\$
Finance services	120,675	128,546	100,008
Human resources services	52,375	37,144	47,995
Organizational performance	-	-	28,325
Information technology services	114,805	107,609	216,177
Legal services	44,177	40,186	23,233
Insurance costs	625	522	976
Printing costs	1,519	3,223	1,238
Mail costs	16,833	7,114	17,414
Communications costs	268	516	1,307
Facilities costs	882,780	833,328	869,487
	1,234,056	1,158,189	1,306,159

5. Sale of Surplus Land

During the year, surplus land was sold by Niagara Region. This land was previously purchased for a new courthouse and this portion was deemed to be excess land when not needed. Per the Niagara Region Courts Intermunicipal Agreement, the net proceeds in the amount of \$215,163 (\$220,000 proceeds less selling costs of \$4,837) were allocated to Court Services.