

Schedule of revenues, expenses and funds available for distribution

The Regional Municipality of Niagara Court Services

December 31, 2018

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The Regional Municipality of Niagara Court Services

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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, 2018 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, 2018, 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.

(To be signed Deloitte LLP)

Chartered Professional Accountants
Licensed Public Accountants
May 16, 2019

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The Regional Municipality of Niagara

Court Services

Schedule of revenues, expenses and funds available for distribution
year ended December 31, 2018

	2018		2017
	Budget	Actual	Actual
	\$	\$	\$
Revenues			
Offence receipts	6,741,000	7,347,729	6,815,694
Controllable expenses			
Salaries and benefits	2,003,317	1,756,743	1,868,881
Program support costs (Note 4)	1,307,383	1,306,159	983,220
Collection charges	110,000	167,256	143,660
Legal	51,500	80,348	80,167
Payment processing costs	66,500	74,299	73,254
Ticket data capture	5,000	-	10,637
Telephone	7,600	8,628	33,826
Business forms	5,400	3,573	11,888
Building and equipment rental	500	253	7,381
Office and administration	47,836	57,623	76,616
	3,605,036	3,454,882	3,289,530
Uncontrollable expenses			
Payments to other municipalities/provinces	300,000	265,523	319,370
Victim fine surcharge	1,000,000	1,048,736	1,050,557
Adjudication	528,000	421,308	551,802
Dedicated fines	25,000	17,001	43,008
Other provincial expenses	194,000	213,923	201,279
	2,047,000	1,966,491	2,166,016
Total expenses	5,652,036	5,421,373	5,455,546
Excess of revenues over expenses	1,088,964	1,926,356	1,360,148
Change in employee benefits and other liabilities	-	(657)	(16,953)
Transfer to Niagara Region (Note 2)	-	(43,847)	(363,428)
Funds available for distribution (Note 3)	1,088,964	1,881,852	979,767

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, 2018

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 \$43,847 (2017 - \$363,428) to the Niagara Region Capital Program.

The Niagara Region currently holds \$1,650,000 (2017- \$1,650,000) in a Court Services Facility Renewal reserve to be used by Court Services on future capital projects.

The Regional Municipality of Niagara Court Services

Notes to the schedule

December 31, 2018

3. Distribution to area municipalities

Court Services revenue distribution by municipality is as follows:

	Budget	2018	2017
	\$	\$	\$
Region of Niagara	544,482	940,926	489,883
Niagara Falls	105,633	182,546	94,263
Port Colborne	17,870	30,882	16,428
St. Catharines	140,236	242,344	127,995
Thorold	21,213	36,658	19,185
Welland	44,365	76,667	40,471
Fort Erie	35,490	61,331	32,564
Grimsby	41,094	71,015	36,302
Lincoln	35,068	60,602	31,260
Niagara-on-the-Lake	48,618	84,018	42,840
Pelham	25,157	43,474	22,527
Wainfleet	9,977	17,242	8,940
West Lincoln	19,760	34,147	17,109
	1,088,964	1,881,852	979,767

Included in the current year funds available for distribution of \$1,881,852 is an amount of \$792,888, which is in excess of the budgeted funds available for distribution of \$1,088,964. The current year funds available for distribution has been split between the local area municipalities and the Region in accordance with the Niagara Region Courts Intermunicipal Agreement dated April 26, 2000.

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	2018	2017
	\$	\$	\$
Finance services	97,040	100,008	69,977
Human resources services	55,361	47,995	48,149
Organizational performance	58,775	28,325	-
Information technology services	113,605	216,177	113,070
Legal services	18,008	23,233	7,352
Insurance costs	943	976	950
Printing costs	1,593	1,238	800
Mail costs	11,265	17,414	9,708
Communications costs	84	1,307	317
Facilities costs	950,709	869,486	732,897
	1,307,383	1,306,159	983,220