

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

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

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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Corporate Services

Recommended by:

Dan Carnegie
Commissioner/Treasurer
Corporate Services

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	4,101,104	3,901,104
Transfers during the year to reserve from operating budget	200,000	200,000
Reserve held by the Niagara Region, end of year	4,301,104	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	81,796	1,649,129	663,236
Niagara Falls	15,753	317,586	128,385
Port Colborne	2,534	51,095	20,603
St. Catharines	19,614	395,457	160,964
Thorold	3,882	78,265	30,008
Welland	6,795	137,001	54,322
Fort Erie	5,370	108,272	42,682
Grimsby	6,423	129,496	52,146
Lincoln	5,577	112,431	45,426
Niagara-on-the-Lake	7,342	148,017	59,892
Pelham	3,893	78,478	31,158
Wainfleet	1,505	30,346	12,200
West Lincoln	3,108	62,685	25,450
	163,592	3,298,258	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:

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

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	\$ -