

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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## 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.

# 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)

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### 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
<b>Revenues:</b>										
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
<b>Total revenues</b>	<b>538,754</b>	<b>36,636</b>	<b>122,210</b>	<b>231,771</b>	<b>85,569</b>	<b>399,256</b>	<b>45,535</b>	<b>823</b>	<b>2,607</b>	<b>1,462,161</b>
<b>Expenses:</b>										
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)

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### 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)

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### 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)

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### 1. Significant accounting policies:

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

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)

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### 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)

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### 1. Significant accounting policies:

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

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

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

#### (a) Basis of Accounting:

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

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

#### (b) Uses of Estimates:

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