

Schedule of revenues, expenses and funds available for
distribution

The Regional Municipality of Niagara Court Services

December 31, 2023

The Regional Municipality of Niagara Court Services

December 31, 2023

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Independent Auditor's Report

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

Opinion

We have audited the accompanying schedule of revenues, expenses and funds available for distribution of The Regional Municipality of Niagara Court Services (the "Court Services") for the year ended December 31, 2023 and notes to the schedule (collectively referred to as the "schedule").

In our opinion, the accompanying schedule for the year ended December 31, 2023, is prepared, in all material respects, in accordance with the financial reporting provisions in the Niagara Region Courts Intermunicipal Agreement dated April 26, 2000 and amending agreement dated October 13, 2022.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Schedule* section of our report. We are independent of the Court Services in accordance with the ethical requirements that are relevant to our audit of the schedule in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the schedule, which describes the basis of accounting. The schedule is prepared to assist the Court Services in complying with the financial reporting provisions in the Niagara Region Courts Intermunicipal Agreement dated April 26, 2000 and amending agreement dated October 13, 2022. As a result, the schedule may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with the basis of accounting as described in Note 1, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error. Those charged with governance are responsible for overseeing the Court Services' financial reporting process.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this schedule.

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

- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Court Services' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with 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
[Date]

THE REGIONAL MUNICIPALITY OF NIAGARA

COURT SERVICES

Schedule of Revenues, Expenditures and Funds available for Distribution
Year ended December 31, 2023, with comparative figures for 2022

		2023	2022
	Budget	Actual	Actual
	\$	\$	\$
Revenue (schedules 1 & 2):			
Offence receipts and other revenue	10,340,767	8,103,408	5,062,198
	10,340,767	8,103,408	5,062,198
Controllable Expenditures (schedules 1 & 2):			
Salaries and benefits	2,774,393	2,072,922	2,112,574
Program support costs (note 4)	1,315,739	1,345,204	1,306,100
Collection charges	180,000	177,017	178,158
Legal	60,000	32,442	41,763
Call in prosecution	160,000	-	-
Payment processing costs	127,600	103,631	69,792
Telephone	7,500	6,768	5,084
Office and administration	104,876	66,249	78,197
	4,730,108	3,804,233	3,791,668
Uncontrollable Expenditures (schedules 1 & 2):			
Revenue collected on behalf of other municipalities/provinces	80,000	129,894	93,715
Victim fine surcharge	1,464,500	1,299,721	721,550
Adjudication	556,500	203,916	300,945
Dedicated fines	20,000	99,363	135,733
Other provincial expenditures	426,050	203,009	169,049
	2,547,050	1,935,903	1,420,992
Total expenditures	7,277,158	5,740,136	5,212,660
Excess of revenue over expenditures	3,063,609	2,363,272	(150,462)
Change in employee benefits and other liabilities	-	(65,711)	74,331
Transfer to Niagara Region (note 2)	(2,888,962)	(971,089)	(200,000)
Funds available for distribution (note 3)	174,647	1,326,472	(276,131)

The Regional Municipality of Niagara Court Services

Notes to the schedule

December 31, 2023

1. Significant accounting policies

The schedule of revenues, expenses and funds available for distribution of The Regional Municipality of Niagara Court Services has been prepared by management in accordance with the financial reporting provisions in the Niagara Region Courts Intermunicipal Agreement dated April 26, 2000 and amending agreement dated October 13, 2022 (the "agreement").

Significant accounting policies are as follows:

Revenues

Revenues are recorded on a cash basis.

Expenses

Court Services follows the accrual method of accounting for controllable expenses. Controllable expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

Uncontrollable expenses are recorded on a cash basis.

Capital assets

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

Transfers to reserves

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

Employee future benefits

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

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

The Regional Municipality of Niagara Court Services

Notes to the schedule

December 31, 2023

2. Transfer to Niagara Region

Transfers Related to Base Operations:

Court Services transferred \$200,000 (2022 - \$200,000) to the Niagara Region in 2023. \$200,000 was transferred to the Court Services Facility Renewal reserve.

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

	2023	2022
	\$	\$
Reserve held by the Niagara Region, beginning of year	3,901,104	3,701,104
Transfers during the year to reserve from operating budget	200,000	200,000
Reserve held by the Niagara Region, end of year	4,101,104	3,901,104

Transfers Related to Automated Enforcement Operations:

As permitted in the Intermunicipal Agreement, Court Services has transferred revenues net of Automated Enforcement Program court costs of \$771,089 (2022 - \$nil) to the Niagara Region's Transportation Planning division to allow the Region to recover its Automated Enforcement Program implementation and operating costs.

The Regional Municipality of Niagara Court Services

Notes to the schedule

December 31, 2023

3. Distribution to area municipalities

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

	Budget	2023	2022
	\$	\$	\$
Region of Niagara	87,324	663,236	(138,065)
Niagara Falls	16,903	128,385	(26,851)
Port Colborne	2,713	20,603	(4,322)
St. Catharines	21,194	160,964	(33,740)
Thorold	3,951	30,008	(5,956)
Welland	7,152	54,322	(11,164)
Fort Erie	5,620	42,682	(8,892)
Grimsby	6,865	52,146	(10,925)
Lincoln	5,981	45,426	(9,338)
Niagara-on-the-Lake	7,885	59,892	(12,527)
Pelham	4,102	31,158	(6,501)
Wainfleet	1,606	12,200	(2,552)
West Lincoln	3,351	25,450	(5,298)
	174,647	1,326,472	(276,131)

4. Program support costs

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

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

The Regional Municipality of Niagara Court Services

Notes to the schedule

December 31, 2023

4. Program support costs (continued)

Program support costs which have been allocated are:

	Budget	2023	2022
	\$	\$	\$
Finance services	126,518	133,807	116,977
Human resources services	55,396	48,981	214,683
Information technology services	217,976	218,212	107,529
Legal services	54,035	53,039	44,680
Insurance costs	2,691	2,598	2,081
Printing costs	2,396	470	69
Mail costs	7,979	8,187	8,438
Communications costs	3,792	1,919	32
Facilities costs	844,956	877,991	811,611
	1,315,739	1,345,204	1,306,100

Program Support Costs Excluding Automated Enforcement:

	Budget	2023	2022
	\$	\$	\$
Finance services	126,518	133,767	116,977
Human resources services	55,396	44,370	214,683
Information technology services	217,976	206,490	107,529
Legal services	54,035	53,039	44,680
Insurance costs	2,691	2,598	2,081
Printing costs	2,396	470	69
Mail costs	7,979	8,187	8,438
Communication costs	3,792	1,919	32
Facilities costs	844,956	877,991	811,611
	1,315,739	1,328,831	1,306,100

The Regional Municipality of Niagara Court Services

Notes to the schedule

December 31, 2023

4. Program support costs (continued)

Program Support Costs for Automated Enforcement Only:

	Budget	2023	2022
	\$	\$	\$
Finance services	-	40	-
Human resources services	-	4,611	-
Information technology services	-	11,722	-
	-	16,373	-

5. Comparative Figures:

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

THE REGIONAL MUNICIPALITY OF NIAGARA

SCHEDULE 1 - COURT SERVICES - EXCLUDING AUTOMATED ENFORCEMENT

Schedule of Revenues, Expenditures and Funds available for Distribution

Year ended December 31, 2023, with comparative figures for 2022

		2023	2022
	Budget	Actual	Actual
	\$	\$	\$
Revenue:			
Offence receipts and other revenue	5,115,200	6,867,534	5,062,198
Controllable Expenditures:			
Salaries and benefits	1,928,238	1,883,650	2,112,574
Program support costs (note 4)	1,315,739	1,328,831	1,306,100
Collection charges	180,000	177,017	178,158
Legal	60,000	32,442	41,763
Payment processing costs	68,800	91,431	69,792
Telephone	7,500	6,768	5,084
Office and administration	67,676	63,624	78,197
	3,627,953	3,583,763	3,791,668
Uncontrollable Expenditures:			
Revenue collected on behalf of other municipalities/provinces	80,000	129,894	93,715
Victim fine surcharge	453,600	1,085,861	721,550
Adjudication	335,000	203,916	300,945
Dedicated fines	20,000	99,363	135,733
Other provincial expenditures	224,000	172,553	169,049
	1,112,600	1,691,587	1,420,992
Total expenditures	4,740,553	5,275,350	5,212,660
Excess of revenue over expenditures	374,647	1,592,184	(150,462)
Change in employee benefits and other liabilities	-	(65,711)	74,331
Transfer to Niagara Region (note 2)	(200,000)	(200,000)	(200,000)
Funds available for distribution (note 3)	174,647	1,326,473	(276,131)

THE REGIONAL MUNICIPALITY OF NIAGARA

SCHEDULE 2 - COURT SERVICES - AUTOMATED ENFORCEMENT

Schedule of Revenues, Expenditures and Funds available for Distribution

Year ended December 31, 2023, with comparative figures for 2022

		2023	2022
	Budget	Actual	Actual
	\$	\$	\$
Revenue:			
Offence receipts and other revenue	5,225,567	1,235,874	-
Controllable Expenditures:			
Salaries and benefits	846,155	189,272	-
Program support costs (note 4)	-	16,373	-
Call in prosecution	160,000	-	-
Payment processing costs	58,800	12,200	-
Office and administration	37,200	2,625	-
	1,102,155	220,470	-
Uncontrollable Expenditures:			
Victim fine surcharge	1,010,900	213,860	-
Adjudication	221,500	-	-
Other provincial expenditures	202,050	30,456	-
	1,434,450	244,316	-
Total expenditures	2,536,605	464,786	-
Excess of revenue over expenditures	2,688,962	771,089	-
Transfer to Niagara Region (note 2)	(2,688,962)	(771,089)	-
Funds available for distribution (note 3)	-	-	-