



TWENTY21

ANNUAL FINANCIAL REPORT

For the year ended Dec. 31, 2021
Niagara Region | Ontario Canada
niagararegion.ca

Niagara  **Region**

TABLE OF CONTENTS

3 SECTION 1 INTRODUCTION

4.....	Purpose, Vision, Mission, Values
5.....	2018 - 2022 Regional Council
6.....	Niagara Region Organizational Chart
7.....	Message From Jim Bradley
8.....	Where Are We?
9.....	Where Are We Going?
10.....	Two-Tier Government System
10.....	Regional Programs And Services
12.....	What Do We Do?
15.....	2019-2022 Council Strategic Priorities
26.....	Report From The Treasurer
26.....	Property Taxes
28.....	Regional Economy Highlights
30.....	Niagara Outlook and Trends
33.....	Canadian Award for Financial Reporting
34.....	Consolidated Financial Statements Highlights
35.....	Consolidated Statement of Financial Position
42.....	Consolidated Statement of Operations Highlights
44	2021 Approved Budget Compared to Financial Statements
46.....	Audit Committee
46.....	Financial Management and Control
46.....	Conclusion

47 SECTION 2 FINANCIAL STATEMENTS

48	Management's Report
49	Consolidated Financial Statements
88	Sinking Fund Financial Statements
94	Trust Fund Financial Statements
100	Niagara Regional Housing Financial Statements
121	Court Services Schedule of Revenue, Expenses and Funds Available for Distribution

127 SECTION 3 STATISTICAL

128	Five Year Statistical Review
------------------	------------------------------





SECTION 1

INTRODUCTION

Early fruit tree blossoms on a beautiful spring day in Niagara

Prepared by Corporate Services
Department and the Office of the
Chief Administration Officer



Niagara River, Niagara Falls

PURPOSE

Niagara Region's annual report provides an opportunity to reflect and highlight on some of the accomplishments during the year. As well, this document provides transparent financial information to taxpayers regarding the use of financial resources entrusted by Niagara Region for the purpose of providing municipal services and infrastructure.

The organization's core values and collective mission form the basis of the Region's work on the Strategic Plan for 2019-2022.

VISION

Niagara Region is a unified community of communities with diverse opportunities and qualities. Together we strive for a better tomorrow.

MISSION

Niagara Region will serve its residents, businesses and visitors through leadership, partnership and the provision of effective and community-focused services.

VALUES

Our corporate values guide our decision-making and actions every day:

Respect

We treat everyone equitably with compassion, sensitivity and respect.

Serve

We serve Niagara with pride, care and excellence.

Honesty

We value honesty, integrity and trust.

Choice

We believe in social, environmental and economic choices that support our diverse community.

Partnerships

We foster collaboration and value partnerships.





Jim Bradley
Regional Chair

2018 - 2022 REGIONAL COUNCIL

Niagara Region is one of six regional governments in Ontario. As an upper-tier municipality, the Niagara Region provides programs and services for the residents and businesses in 12 cities and towns. Regional Council is composed of a regional chair, 12 elected mayors and 19 elected officials from Niagara's local area municipalities. Regional Council also functions as Niagara's Board of Health.



Sandie Bellows
St. Catharines
(Deceased October 11, 2021)



Barbara Butters
Port Colborne



David Bylsma
West Lincoln



Frank Campion
Welland



Pat Chiochio
Welland



George Dart
St. Catharines



Jim Diodati
Niagara Falls



Betty Disero
Niagara-on-the-Lake



Sandra Easton
Lincoln



Kelly Edgar
St. Catharines



Wayne Fertich
Grimsby



Robert Foster
Lincoln



Bob Gale
Niagara Falls



Kevin Gibson
Wainfleet



Barbara Greenwood
Niagara Falls



Brian Heit
St. Catharines



Diana Huson
Pelham



Tom Insinna
Fort Erie



Laura Ip
St. Catharines



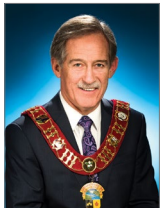
Jeff Jordan
Grimsby



Marvin Junkin
Pelham



Peter Nicholson
Niagara Falls



Wayne Redekop
Fort Erie



Tim Rigby
St. Catharines



Walter Sendzik
St. Catharines



Mat Siscoe
St. Catharines



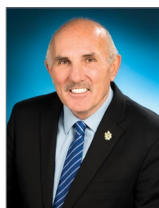
Bill Steele
Port Colborne



Terry Ugolini
Thorold



Leanna Villella
Welland



Tim Whalen
Thorold



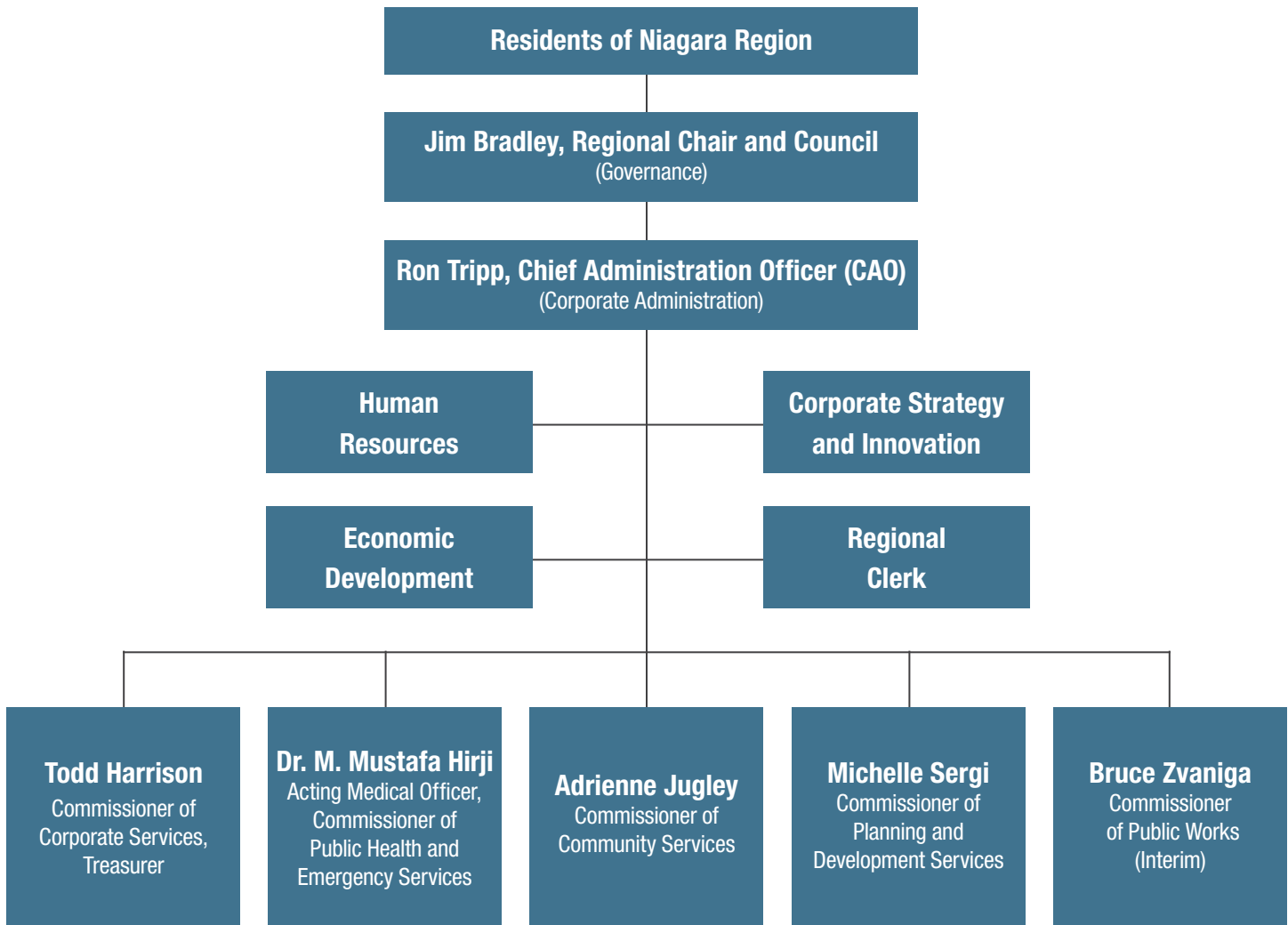
Albert Witteveen
West Lincoln



Gary Zalepa
Niagara-on-the-Lake



NIAGARA REGION ORGANIZATIONAL CHART



Regional Council Committees

- Corporate Services Committee
- Planning and Economic Development Committee
- Public Health and Social Services Committee
- Public Works Committee

Boards and Agencies

- **Niagara Peninsula Conservation Authority**
Chair: Brenda Johnson
Vice-Chair: Bruce Mackenzie
- **Niagara Regional Housing**
Chair: Gary Zalepa
Vice-Chair: Barbara Butters
- **Police Services Board**
Chair: Bill Steele
Vice-Chair: Dave Eke
- **Provincial Offences Joint Board**
Chair: Jack Tosta
Vice-Chair: Mark Tardiff

Other Supporting Services

- **Auditors**
Deloitte LLP
- **Banker**
The Royal Bank of Canada
- **Fiscal Agents**
National Bank Financial Inc.,
RBC Capital Markets,
CIBC World Markets Inc.
- **Fiscal Solicitor**
WeirFoulds LLP
- **Insurance Provider and Broker**
Marsh Canada Limited





MESSAGE FROM

Jim Bradley

Niagara Regional Chair

At the start of the current Council term, I wrote about our collective ambition as councillors to set Niagara on a course for future success. As a Council, there was much to do to restore relationships and regain the public's trust in local government after a difficult period in Niagara.

Despite the challenges we have faced – including hardships brought on by the COVID-19 pandemic – I can say with immense satisfaction that your Regional government has accomplished much since 2018 in making Niagara a more prosperous, safe and inclusive place to live, work and play.

Over the last few years, Niagara Region, as a team, has delivered on initiatives that improve the lives of all our residents. Even during the pandemic, Niagara Region continued to be here for our residents, businesses and community partners, delivering on what is most important.

Council set clear strategic priorities to guide us in our mission to provide residents the responsible and effective services they rely on Niagara Region to provide.

Progress on key projects including:

- **\$19.4 million** direct investment in affordable and supportive housing projects across our community to help those most in need
- **\$175 million** redevelopment of Linhaven and Gilmore Lodge long-term care facilities
- **\$55 million** toward the provincial redevelopment of West Lincoln Memorial Hospital and the new South Niagara Hospital
- **NRT OnDemand expanded to more communities** in 2021 providing an innovative solution for smaller communities that don't need full buses
- Making history by **voting to create a singular public transit** service provider, ensuring better service across the entire region

We continue to explore more ways that we can innovate and do business differently.

Niagara Region's business incentive programs have helped to create or retain more than 1,000 jobs across the region. In addition, more than 5,600 homes and businesses in west Niagara gained access to improved Internet capabilities thanks to the more than \$21 million from the provincial and federal governments, and service providers to expand broadband internet services in communities like ours.

As the host community for the 2022 Canada Summer Games, Niagara Region, in partnership with other levels of government, are looking forward to celebrating the completion of the Walker Sports and Abilities Centre in early 2022.

Niagara will host athletes and their supporters from across the country. The stadium will be one of the major legacy projects that will serve Niagara for generations to come long after the games have ended.

The COVID-19 pandemic has been an immense challenge for everyone. The fight to curb the spread of COVID-19 continued in 2021 with Public Health leading our efforts to keep residents safe and distributing more than 325,000 doses of life-saving vaccines. What the total impact of this health crisis will be when the dust settles is still unknown. However, I am certain that no matter the situation Niagara Region is prepared to meet each challenge head on and support our community in every way we can.

As we head into the final year of the current term of Regional Council, I am pleased to look back on our accomplishments as well as look to the future together. As always, we will continue to collaborate with residents, businesses and community partners to make Niagara a place where all residents can prosper.

Jim Bradley, Chair
Niagara Region

Where are we?

Niagara Region offers our residents a mix of urban and rural living amidst the lush Southern Ontario greenbelt. While the COVID-19 pandemic caused the world to pause, residents and visitors to the region typically enjoy celebrating events such as the Niagara Wine Festival in St. Catharines, Canal Days in Port Colborne or our New Year's Celebration in Niagara Falls. The region is home to an abundance of culture, from museums to art galleries and highly revered restaurants.

Niagara Region is committed to providing high quality, efficient, fiscally sustainable and coordinated core services through enhanced communication, partnerships and collaborations with the community.

Our proximity to Toronto and the United States has been an integral part of our economic evolution. Our industries include manufacturing, tourism, agriculture, and agribusiness, transportation and logistics and emerging sectors such as new media, green technology and bioscience. As we grow, we continue our Regional mandate to move transit forward, with significant investment into GO transit to connect our communities to the Greater Toronto and Hamilton Area and share all the amazing things Niagara has to offer.

This is where we are - and we are passionate about Niagara. The population is seeing major increases, jobs are being created at a steady pace, weekly employment income is increasing, gross domestic product is on the rise, more businesses are employing people, investment in commercial and industrial building construction is booming and more companies are exporting and bringing new money into the regional economy. We hope to continue on this path as we strive to act as a sustainable and engaging government.



Canada Games Park official title sponsorship announced as the Walker Sports and Abilities Centre. From Left to Right: Terry Ugolini, Mayor of Thorold; Doug Hamilton, Board Chairman, Niagara 2022 Canada Summer Games; Jim Bradley, Regional Chair; Lynn Wells, Interim President, Brock University; Adam van Koeverden, Parliamentary Secretary to the Minister of Health and Parliamentary Secretary to the Minister of Sport; Geordie Walker, President & CEO, Walker Industries; Walter Sendzik, Mayor of St. Catharines.

Where are we going?

Regional Council proudly released its new Strategic Plan in 2019 and Niagara Region is excited for what is in store in 2022 and beyond.

By serving our residents, businesses and tourists through collaborative leadership, with responsible policy and the provision of effective and efficient community-focused services, we can achieve our goal of a prosperous, safe and inclusive community that embraces natural spaces and promotes a high quality of life. We also are continuing to execute the Transportation Master Plan, a comprehensive strategic planning document that defines policies, programs and infrastructure improvements required to address transportation and growth needs from today through to 2051. We are working with local area municipalities to provide communities with safe, clean drinking water and effective environmental protection.



The REACH Mobile Health Clinic, powered by TELUS Health is custom designed to address the specific needs of marginalized individuals in the Niagara Region. It is a state-of-the-art health clinic on wheels that will bring healthcare and social intervention services to marginalized citizens where they are to help them move towards a healthier life.



Making Roads Safer: New curbs, sidewalks, bus bays, cycling facilities, and signalized intersection including left-turn lanes and cross walks.

We are responsible for what comes out of your tap and what happens after you flush the toilet. The Water and Wastewater Master Servicing Plan provides direction on how we operate now and how we plan to operate and deliver water and wastewater services in the future. This includes for example, the extensive work that has been completed to bring a new wastewater treatment plan to Niagara Falls, with a large-scale environmental assessment and conceptual design already underway. Community growth has a huge impact on water supply and delivery. It is up to us to determine how best to meet Niagara's growing needs and ensure water and wastewater infrastructure accurately reflects this.

As we continue to work towards achieving our Niagara Region vision, staff and Council are investing in service improvements that will affect our residents from birth to old age. With successful community capital builds providing additional child care spaces in five of our municipalities and new long-term care home enhancements on their way, there is so much to be excited about with where we are going.



TWO-TIER GOVERNMENT SYSTEM

Along with the 12 local area municipalities, Niagara Region is part of a two-tier government structure. Since 1970, Niagara Region has served as the upper tier while each of the local municipalities administer local programs and services. Services like regional transportation or infrastructure move between local boundaries and a two-tier government allows for coordinated growth. This collaboration and partnership between the two tiers can ensure service delivery across jurisdictions is efficient and takes into account the many voices that make up Niagara.

REGIONAL PROGRAMS AND SERVICES

Niagara Region's programs and services touch the lives of residents every day. We provide high quality drinking water, collect and treat wastewater, maintain the regional roads you drive on, fund two inter-municipal transit services and provide help for Niagara residents from birth to old age, which includes the operation of eight long-term care homes and a range of support services to help seniors remain in their homes.

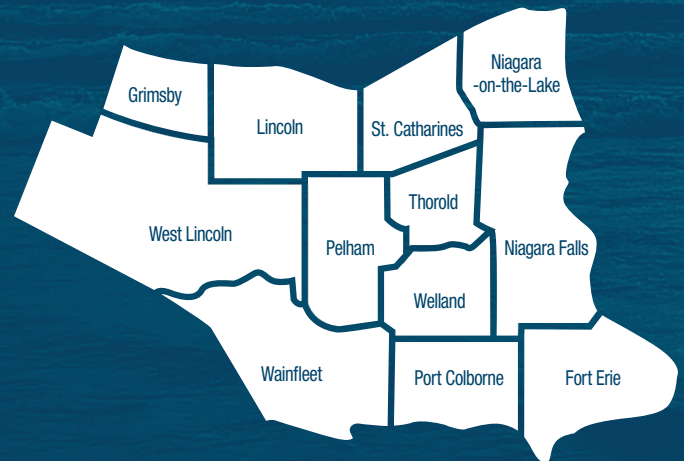
From the collection of your garbage, Blue/Grey Boxes and Green Bins, to the staff that support our childcare centres, and our paramedics who are ready to respond when the unexpected happens, Niagara Region is here to build a healthier and more prosperous community.

NIAGARA REGION'S
POPULATION IS
484,840

12 LOCAL AREA
MUNICIPALITIES

MEDIAN AGE WOULD BE
46.0 YEARS

AFTER TAXES,
THE AVERAGE FAMILY
INCOME WOULD BE
\$93,357



Source: Statistics Canada 2016, BMA Management Study

Sunset at Sherkston Shores, Port Colborne





55.52 BILLION
LITRES OF DRINKING
WATER TREATED

By our six water treatment plants



11,884

LICENSED CHILD CARE
SPACES AVAILABLE IN
NIAGARA REGION

As of December 2021



NIAGARA EMERGENCY MEDICAL
SERVICES RESPONDED TO

64,356

UNIQUE 911 INCIDENTS



NIAGARA REGIONAL HOUSING

Total Units of Affordable Housing

8,564 UNITS

As of December 2021



NRT ONDEMAND SERVICE

45,862

RIDES TAKEN



7,209

EMPLOYABILITY
ASSESSMENTS COMPLETED

By SAEO in the Common Assessment Tool



4,247

ROUTINE AND RE-INSPECTIONS
OF MODERATE AND HIGH-RISK
FOOD PREMISES



70,832 TONNES

BLUE/GREY BOX
RECYCLABLES PROCESSED

65,067 TONNES

OF TOTAL ORGANICS PROCESSED



87 ACTIVE LEADS

IN FOREIGN DIRECT
INVESTMENT FILES



FOREIGN DIRECT INVESTMENT

23 LEADS

THAT ARE IN THE HIGH PRIORITY
ACTIVE CATEGORY



821

BEACH INSPECTIONS
COMPLETED



1,802 KM

OF REGIONAL ROAD
MAINTAINED

Including reconstruction, resurfacing
and operational maintenance

What Do We Do?



Niagara Regional Council

Niagara Regional Council acts as the final decision-making body for Niagara Region and serves as the Board of Health. The Council consists of a Regional Chair, the mayors of all 12 Niagara Regional municipalities, and 19 additional Regional Councillors elected to represent the various municipalities. All councillors hold office until November 14, 2022.



Corporate Administration

Niagara Region's Corporate Administration Department includes the Office of the Chief Administrative Officer (CAO) and is responsible for implementing the policies and direction of Regional Council. This area oversees the management and performance of the municipality's business operations, as well as the efficient organization of Regional staff and other resources to direct activities toward common goals and objectives. Divisions include the Office of the Regional Clerk, Niagara Economic Development, Human Resources, and Corporate Strategy and Innovation, which includes Strategic Communications and Public Affairs, Corporate Performance and Partnerships and Enterprise Projects.



Community Services

We envision a strong community as one where every individual is supported to maximize their potential, achieve their goals, and enhance their quality of life and social well-being. Niagara Region Community Services Department assists some of the most vulnerable people in our community, from infancy to senior years. Our services are broken down into five divisions covering Children's Services, Homelessness Services and Community Engagement, Housing Services, Senior Services and Social Assistance and Employment Opportunities.

On May 31, 2021, Niagara Regional Housing (NRH) staff fully integrated with Niagara Region, forming the Housing Services division. Integration allows for an enhanced relationship with the Region and the ability to streamline service delivery.



Corporate Services

Corporate Services oversees finance, legal, court services, facilities, technology, and procurement and strategic acquisition. These services, along with effective planning and strategy, work to improve our everyday lives and greater prosperity for Niagara. The divisions of the Corporate Services are: Business Licensing and Enforcement, Construction, Energy and Facilities Management, Financial Management and Planning, Internal Audit, Information Technology, Legal and Court Services, and Procurement and Strategic Acquisitions.



Planning and Development

The Provincial Growth Plan requires that Niagara Region plans to accommodate 647,000 people and 272,000 jobs by 2041. Our proactive planning will play a central role in helping Niagara Region ensure that the forecasted growth in Niagara is developed to help make our cities livable and communities complete. The Planning and Development Services Department makes recommendations, guides and regulates community development. The Planning and Development Department is broken down into three divisions; Development Services, Community and Long Range Planning and Infrastructure Planning and Development Engineering.



Public Health and Emergency Services

Niagara Region Public Health has played a key role in monitoring, offering guidance and distributing vaccines, which is helping to keep our community safe during the COVID-19 pandemic. We are committed to building one of the healthiest communities in Canada. Public Health consists of divisions including: Chronic Disease and Injury Prevention, Clinical Services, Emergency Services, Environmental Health, Family Health, Medical, Organizational and Foundational Services, Mental Health Programs and a Pandemic Response Division was created in 2021. Front-line paramedics and advanced emergency medical dispatchers work to ensure the residents and visitors receive the highest level of care.



Public Works

Public Works staff provide critical foundational 24 hours a day, 365 days a year services as well as maintaining and operating essential infrastructure. These services support health, wellness and economic activity in Niagara. From turning on a tap or flushing a toilet to driving on a regional road, disposing of garbage or processing recyclables, or taking transit between municipalities, Public Works plays an integral role in our everyday lives. Public Works is composed of GO Implementation Office (includes regional transit), Transportation Services, Waste Management Services, and Water and Wastewater Services.





Niagara Regional Housing

In 2021, Niagara Regional Housing staff fully integrated with Niagara Region to form a new Housing Division within the Community Services Department. NRH-owned units, currently called “Public Housing”, continue to operate under the governance of the NRH Board of Directors.



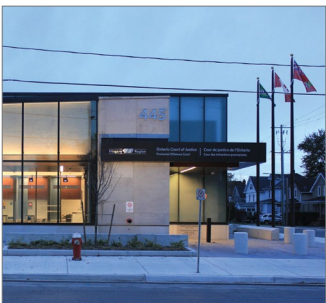
Niagara Regional Police Service

Niagara Regional Police Service provides policing and public safety services to all of Niagara’s residents as well as 13 million visitors in a typical year. Niagara Region Police Service aims to provide quality policing services with integrity.



Niagara Peninsula Conservation Authority

Niagara Peninsula Conservation Authority serves approximately half a million people and covers an area of over 2,430 square kilometres covering the region, 21 per cent of the City of Hamilton and 25 per cent of Haldimand County. The driving force behind the Conservation Authority movement is its land stewardship focus and involvement with water programs.



Provincial Offences Court, Niagara Region Courts

Niagara Region administers the Provincial Offences Court on behalf of the 12 local area municipalities. Niagara Region’s staff are responsible for setting trials, prosecuting certain Provincial offences, recording court proceedings, and receiving fine payments resulting from charges laid by the various police forces and enforcement agencies operating within the region.



2019-2022

COUNCIL STRATEGIC PRIORITIES

Supporting Businesses and Economic Growth

A coordinated approach to fostering economic growth in Niagara.

Healthy and Vibrant Community

Foster a high quality of life through safe, healthy and inclusive neighbourhoods through the delivery of quality, affordable and accessible human services.

Responsible Growth and Infrastructure Planning

Sustainable investments in transportation, transit and infrastructure, while aligning infrastructure planning with the reservation of the natural environment.

Sustainable and Engaging Government

A commitment to high quality, efficient, fiscally sustainable and coordinated core services through enhanced communication, partnerships and collaborations with the community.

Beautiful fall colours captured on a quiet road in Fort Erie

Prepared by Corporate Services
Department and the office of the
Chief Administration Officer

PRIORITY 1

Supporting Business And Economic Growth

Niagara continues to take a proactive approach to building long-term economic prosperity and resiliency. Staff continue to work collaboratively with our business community, our local area municipal partners and other community stakeholders, creating the conditions Niagara needs to see sustained economic growth.

To accommodate a forecasted Investment in design and construction of modern dispatch infrastructure, the Region is also employing progressive and informed land-use planning practices to plan for safe, complete, vibrant communities across Niagara through the formation of the Niagara Official Plan.

Over this current term of Council, the Region has supported several major initiatives that aim to build social, cultural, and economic prosperity in Niagara. Looking beyond the obvious challenges facing Niagara in our recovery from the economic impacts from COVID-19, the Region continues to plan for long-term economic growth, and the outlook remains hopeful.

Success for our region includes improving Internet connectivity for thousands of homes and businesses, unlocking the economic potential of sports by hosting the 2022 Canada Summer Games, and providing valuable incentives to help retain and attract jobs.



Concept art for Walker Sports and Abilities Centre

PRIORITY ACHIEVEMENTS

ECONOMIC DEVELOPMENT LONG-TERM STRATEGY



Strategy Working Group formed with representation from all economic development offices to collaborate on the development of the long term strategy

GATEWAY COMMUNITY IMPROVEMENT PLAN



\$4.2M

Total value for all approved grants over the life of Tax Increment-Based Grant
CREATING 197 JOBS

PLANNING AND DEVELOPMENT SERVICES



3,596

**NEW HOUSING UNITS
WERE ISSUED A
BUILDING PERMIT**

In 2021

ECONOMIC DEVELOPMENT



**480 NEW
BUSINESSES**

PLANNING AND DEVELOPMENT SERVICES



\$1.9B

**BUILDING PERMIT
VALUES**

In 2021

SOCIAL ASSISTANCE AND EMPLOYMENT OPPORTUNITIES (SAEO)

**MET PROVINCIAL
PERFORMANCE TARGETS**

In 2021 resulting in maximum funding of

\$3.7M

NIAGARA REGION ESTIMATES THAT BY 2051 THERE WILL BE

210K

**NEW RESIDENTS +
81,000 NEW JOBS**

PRIORITY 2

Healthy and Vibrant Community

Niagara Region envisions a strong community as one where individuals receive support to maximize their potential, achieve their goals, and enhance their quality of life and social well being.

Through its work, Niagara Region aims to foster a high quality of life through safe, healthy, and inclusive neighbourhoods and deliver quality, affordable and accessible human services.

The high standard of care delivered by Regional staff everyday stems from a community belief that our citizens should be supported and set up to thrive, from infancy to senior years. Over this current term of Council, the Region has supported several major initiatives that strive to nurture a healthy and vibrant Niagara.



From left: Concept drawing of long-term care redevelopment at Linhaven, Affordable housing project Hawkins Avenue in Niagara Falls.

PRIORITY ACHIEVEMENTS

LONG-TERM CARE REDEVELOPMENT

\$175M

Redevelopment projects will accommodate approximately 416 residents



Fort Erie Gilmore Lodge:

160 BEDS

St. Catharines Linhaven:

256 BEDS

AFFORDABLE HOUSING



NIAGARA HOUSING STATEMENT UPDATED TO REFLECT NEW PROVINCIAL POPULATION FORECASTS TO 2051.

Data used to inform new Regional Official Plan and other housing initiatives

NEW HOUSING ASSETS



\$22M

NEW HOUSING ASSETS UNITS IN THREE DEVELOPMENTS

Two retrofit buildings in Niagara Falls
One prefab construction apartment Welland

PUBLIC HEALTH



4,609

BIRTHS SCREENED AT NIAGARA HOSPITALS

PUBLIC HEALTH



2,406

HEALTHY BABIES, HEALTHY CHILDREN VISITS TO VULNERABLE FAMILIES

HOMELESSNESS SERVICES



NIAGARA ASSERTIVE STREET OUTREACH SUPPORTED

146

Individuals experiencing homelessness access shelter or housing

CHILDREN'S SERVICES



171

NEW LICENCED CHILD CARE SPACES CREATED IN 2021

To provide more childcare for working families

HOMELESSNESS SERVICES



HOUSING FOCUSED SHELTER PILOT

Using best practice and housing focused approach this shelter pilot supported 51 chronically homeless individuals resulting in 61% moving either into housing or were reunited with family

HOUSING SERVICES



302

CANADA-ONTARIO HOUSING BENEFIT (COHB) APPLICATIONS ACCEPTED

Rental assistance to applicants from the Centralized Waiting List

PRIORITY 3

Responsible Growth and Infrastructure Planning

Niagara Region recognizes that responsible growth and infrastructure planning are a necessary foundation of any healthy, prosperous and sustainable community.

Investments in transportation and transit are building a network to allow people to live and work in Niagara while supporting the economy by moving goods to domestic and international markets and providing access to local destinations and services.

It is vital to ensure there is a balance between infrastructure planning and growth with the preservation of our natural environment. Niagara is known internationally for our natural beauty and it is important we maintain it for the quality of life for residents and for visitors to enjoy.

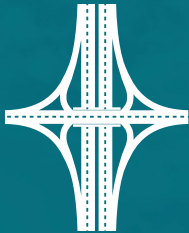
Niagara Region is also looking to drive environmental protection and address climate change by increasing waste diversion rates and reducing our carbon footprint with fewer greenhouse gas emissions.



From top counter-clockwise: Work on the annual strengthening and resurfacing program on the Regional road network. Working on the St. David's Road watermain upgrade. Mayor Bill Steele, Scott Luey, Port Colborne Chief Administrative Officer, and Regional Chair Jim Bradley celebrate expansion of NRT OnDemand transit service to Port Colborne.

PRIORITY ACHIEVEMENTS

QEW AND GLENDALE AVE. DIVERGING DIAMOND INTERCHANGE



Work commences on first diverging diamond interchange constructed in Ontario in Niagara-on-the-Lake

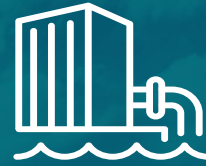
INTER-MUNICIPAL TRANSIT



TRIPLE MAJORITY PROCESS TO CONSOLIDATE TRANSIT SERVICES IN NIAGARA BEGINS

Niagara Regional Council votes in favour of uniting transit services

WATER AND WASTEWATER SERVICES



South Niagara Falls Wastewater Treatment Plant



ENVIRONMENTAL ASSESSMENT COMPLETE

Largest capital project in Region's history

BACKUP 911 CALL CENTRE CONSTRUCTION



\$7.6M

Investment in design and construction of modern dispatch infrastructure

WATER AND WASTEWATER SERVICES



IMPROVEMENTS TO DECEW WATER TREATMENT PLANT TO CONTINUE PROVISION OF SAFE WATER

EVERY-OTHER-WEEK WASTE COLLECTION



BOX IT. BIN IT. SORT IT.

The number of households setting out a GREEN BIN INCREASED BY 24%
GARBAGE DECREASED BY ALMOST 18%

NIAGARA REGIONAL TRANSIT ONDEMAND



EXPANDED NRT ONDEMAND SERVICE TO PORT COLBORNE AND ALL OF NIAGARA-ON-THE LAKE

TRANSPORTATION SERVICES



NEW COMMUNITY SAFETY ZONE INTRODUCED AT LUNDY'S LANE NIAGARA FALLS
(13 in total on Regional Roads)

INTERSECTION IMPROVEMENTS



ROAD IMPROVEMENTS Pelham Rd Phase 3 RECONSTRUCTION Wessell Dr to 8th Ave

PRIORITY 4

Sustainable and Engaging Government

Niagara Region is committed to providing high quality, efficient, fiscally sustainable and coordinated core services through enhanced communication, partnerships and collaborations with the community.

Regional Council signed a Declaration of Mutual Commitment and Friendship aimed at promoting co-operation and consultation between the Region and Fort Erie Native Friendship Centre. We continue to take all opportunities to engage with local Indigenous leaders, while also taking action on the relevant Calls to Action found in the Truth and Reconciliation Commission report.

Throughout this term of Council, the Region has made progress in exploring efficiencies across all its services, streamlining its operations, and engaging in meaningful stakeholder engagement to ensure our programs and services are meeting the needs of our communities.



Regional Chair Jim Bradley with Regional Councillors George Darte and Laura Ip during raising of Pride Flag at Regional headquarters. Niagara Region Headquarters International Plaza at dusk.

PRIORITY ACHIEVEMENTS

REGIONAL DEVELOPMENT CHARGES (RDC) BY-LAW



Public Engagement Sessions on proposed by-law update held with interested parties

DIVERSITY, EQUITY AND INCLUSION ACTION PLAN



Guides the work at the Region for the next five years to advance diversity, equity and inclusion in Niagara

GRANTS AND INCENTIVES REVIEW



Regional Council approved new incentives strategy to better align with council priorities

CAPITAL FINANCING



1% INCREASE IN OPERATING CONTRIBUTIONS TO SUPPORT CAPITAL

Progress made towards a sustainable capital plan in 2021

REGIONAL SUSTAINABILITY REVIEW



KPMG REPORT

Niagara Region continues to deliver high-quality services at the same level or at the lower end of the range of cost for delivery compared to other municipalities

SOCIAL ASSISTANCE AND EMPLOYMENT OPPORTUNITIES (SAEO)

100%

OF SOCIAL ASSISTANCE CLIENTS TRANSITIONED TO ELECTRONIC DOCUMENT MANAGEMENT SYSTEMS

93% of social assistance clients receive electronic payment

FINANCIAL STRATEGY



ACHIEVED STANDARD AND POOR'S AA STABLE CREDIT RATING

COMMUNITY SAFETY AND WELL-BEING PLAN



Supports safe and healthy communities through a community-based approach to address root causes of social issues

LISTENING AND LEARNING



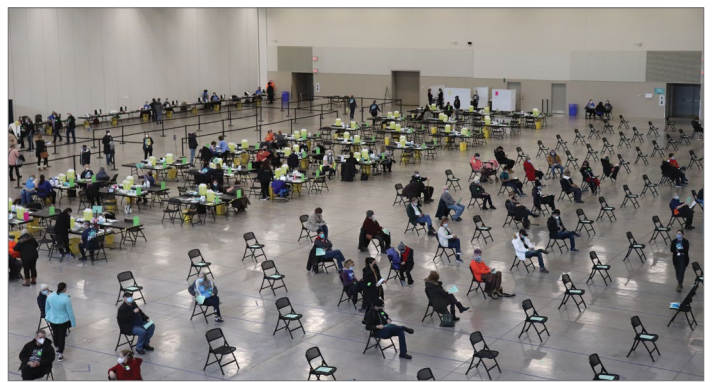
Regional Council signed a Declaration of Mutual Commitment and Friendship aimed at promoting co-operation and consultation with local Indigenous leaders and took relevant calls to action in Truth and Reconciliation Commission report

RECOVERY AND RESPONSE

Supporting Our Community During COVID-19

The COVID-19 pandemic is the challenge of our generation. Throughout this crisis, Niagara Region has worked tirelessly to ensure our residents remain safe and continue to receive the services they rely on.

Municipalities continue to be on the frontline of responses to the COVID-19 crisis. The pandemic has forced Niagara Region to adapt its operations and find new and innovative ways to keep our residents healthy and safe.



Together with local hospitals, pharmacies and family doctors, Niagara Region Public Health helped put nearly 750,000 vaccines into the arms of Niagara residents at clinics held across the region.

2021 COVID-19 RESPONSE

COVID-19 VACCINATION



Administered over
325,000

DOSES OF COVID-19 VACCINE
TO NIAGARA RESIDENTS

DIGITAL ENGAGEMENT



6.4+M

VISITS TO NIAGARA
REGION'S COVID-19
WEBPAGE IN 2021

CLINICS



**143 POP-UP
CLINICS**

23 STANDING CLINICS FOR
COVID-19 VACCINATION

PUBLIC HEALTH



Responded to over
75K

COVID-19 RELATED QUESTIONS
THROUGH THE CALL CENTRE
AND LIVE CHAT

ECONOMIC DEVELOPMENT



**Economic Recovery
Plan Completed**

Plan included more than 50
actions to support business

COVID-19 OUTBREAKS



MANAGED OVER
420

**CONFIRMED COVID-19
OUTBREAKS**

COVID-19 VACCINE PLANNER



Developed the COVID-19 Vaccine Planner, an interactive real-time mapping portal that displays COVID-19 vaccine coverage by age group and geographic area to aid in clinics placement

MEDIA BRIEFING



**HOSTED 27
MEDIA BRIEFINGS
WITH MEDICAL OFFICER OF
HEALTH ON COVID-19**

ESSENTIAL WORK



+90%

Of Regional staff involved in essential work, Niagara Region continued to provide all essential and mandatory services throughout the pandemic

Report From The Treasurer

PROPERTY TAXES

On January 21, 2021, Regional Council approved a 1.8 per cent increase, net of assessment growth, in Regional taxes for a 2021 tax-supported operating budget with a tax levy of \$405.3 million and a capital budget of \$500.3 million.

The 2021 operating budget included \$19.4 million of costs related to COVID-19, fully funded with Safe Restart and other provincial funding to include a Pandemic Response Team that allowed Niagara Public Health to manage the COVID-19 pandemic, \$1.3 million dedicated to the EMS system transformation to continue to ensure high quality patient care and \$2 million, or half a per cent of the 2021 tax increase, dedicated to enhancing funding for critical infrastructure, such as roads reconstruction and bridge replacement. As part of the 2021 budget, \$4.3 million in reserve funding was used to mitigate the impacts of the operating budget pressures on the taxpayers.

Recent analysis performed by an independent firm illustrated that Niagara Region maintains a competitive advantage with respect to property taxes on commercial (office buildings) and large industrial properties. The review noted that while property tax rates are equal or higher than other jurisdictions, assessment values representing the cost of capital in Niagara is, on average, lower than other jurisdictions. This has resulted in commercial office building properties and large industrial properties paying approximately eight per cent and 18 per cent per square foot less than other jurisdictions respectively ¹.

Assessment Growth

Historical assessment growth, being the incremental property taxes paid as a result of an expanding region (new homes and businesses), through 2022 is presented to the right.

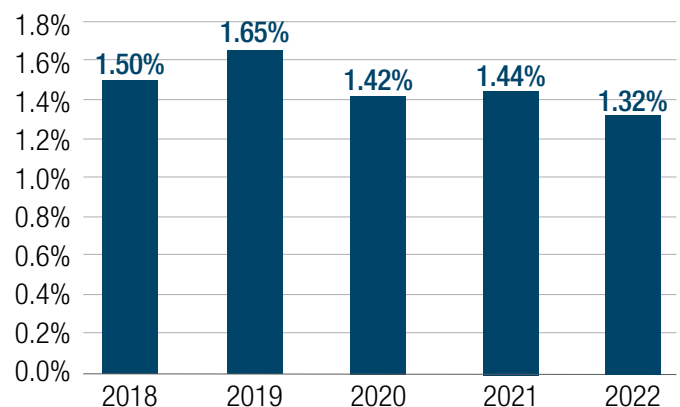
Assessment growth is tied to, but lags behind, building permit values. Although the value of building permits issued has been increasing over the past few years, not all classes of property are taxed at the same rate. The decrease in assessment growth over

¹ BMA Management Consulting Inc., Municipal Study - 2019

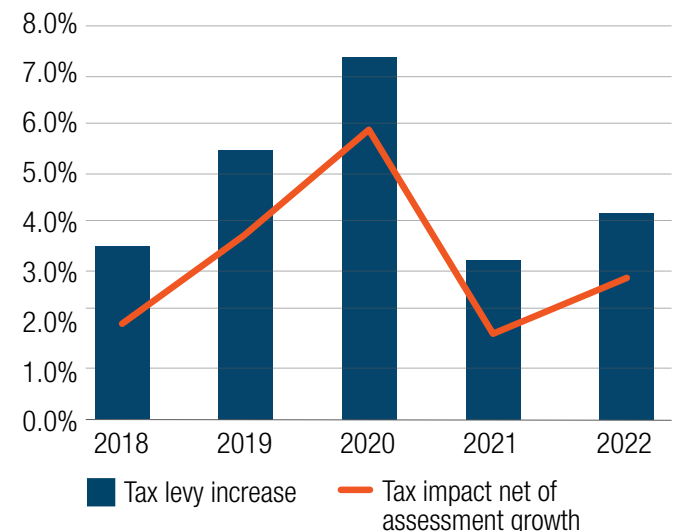
the prior year can be explained by building permit values issued in year for government and institutional property class – which do not pay taxes – thereby limiting growth.

Assessment growth for any given year is based on the information received from the Municipal Property Assessment Corporation (MPAC) and is used in setting the tax rates at the time of budget approval.

Historical Assessment Growth (per cent)



Historical Tax Levy Increase (per cent)



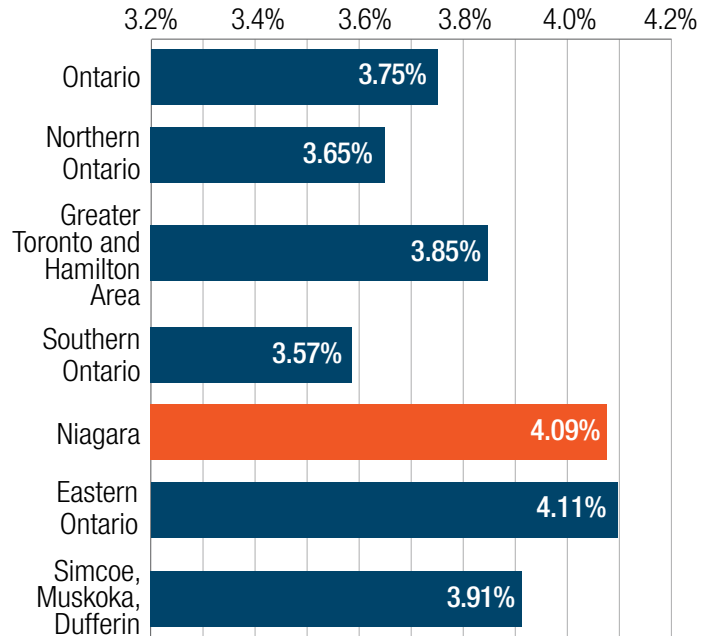
Property Taxes as a Per cent of Household Income

For the average property assessed at \$278,764 in 2021, the Regional portion of the property tax bill increased by \$29, totalling \$1,640. As a measure of affordability for residents, property taxes as a percentage of household income have remained relatively consistent with a small decrease from 2020. In 2021, property taxes for Niagara accounted for 4.09 per cent of household income² (2020 – 4.11 per cent).

During 2021, Niagara Region collected \$405.3 million in tax levy from the local area municipalities, excluding payments in lieu and supplemental taxes. A breakdown of the amount and percentage received from each of the local area municipalities is below.

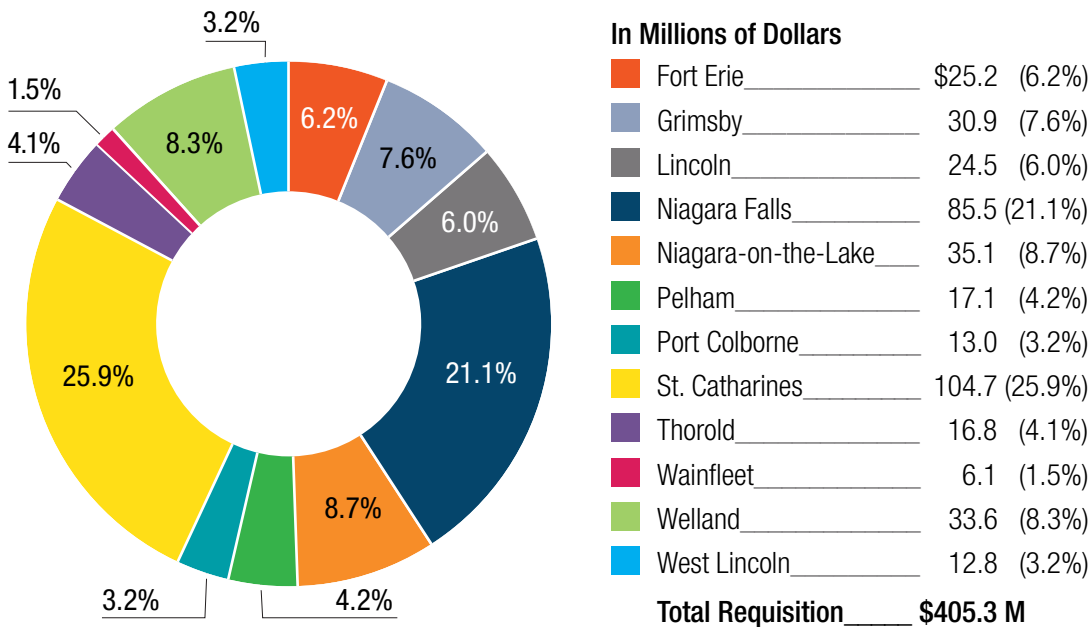
2 BMA Management Consulting Inc., Municipal Study - 2021

Property Taxes As Per Cent of Household Income (per cent)



2021 Taxation Requisition by Local Area Municipality

(In per cent and millions of dollars)



REGIONAL ECONOMY HIGHLIGHTS

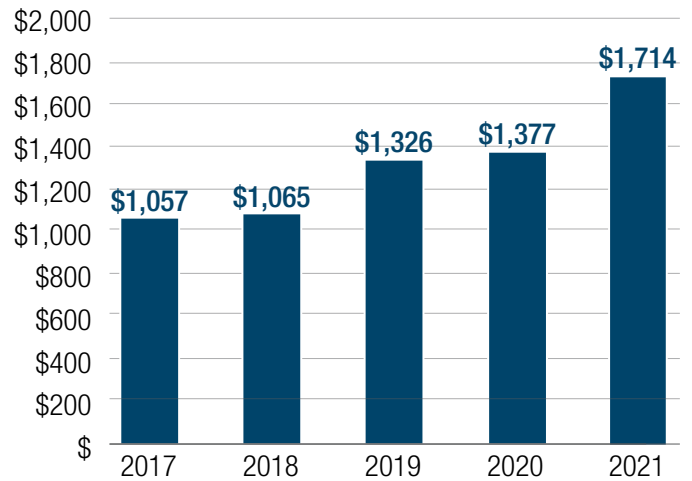
Niagara Region offers a diverse economy that includes manufacturing, tourism, agriculture and agribusiness, transportation and logistics and emerging sectors such as new media, green technology and bioscience.

Building Permits Issued

In 2021, the value of building permits issued total \$1,715 million, which was an increase of approximately \$337 million (24.5 per cent) over the 2020 values of \$1,377 million. The government and institutional sector experienced the highest growth percentage of building permits issued, increasing to \$296.1 million over 2020 with a \$384.1 million (2020 - \$88.0 million) which results in a 236 per cent increase over 2020 values. The growth experienced in the government and institutional sector is not expected to be repeated on a consistent, annual basis. The largest amount of building permits issued continues to be the agricultural and residential sector with a total value of \$1,181.0 million in 2021 (2020 - \$948.1 million), which accounts for 68.9 per cent (2020 – 68.8 per cent) of total building permits issued.

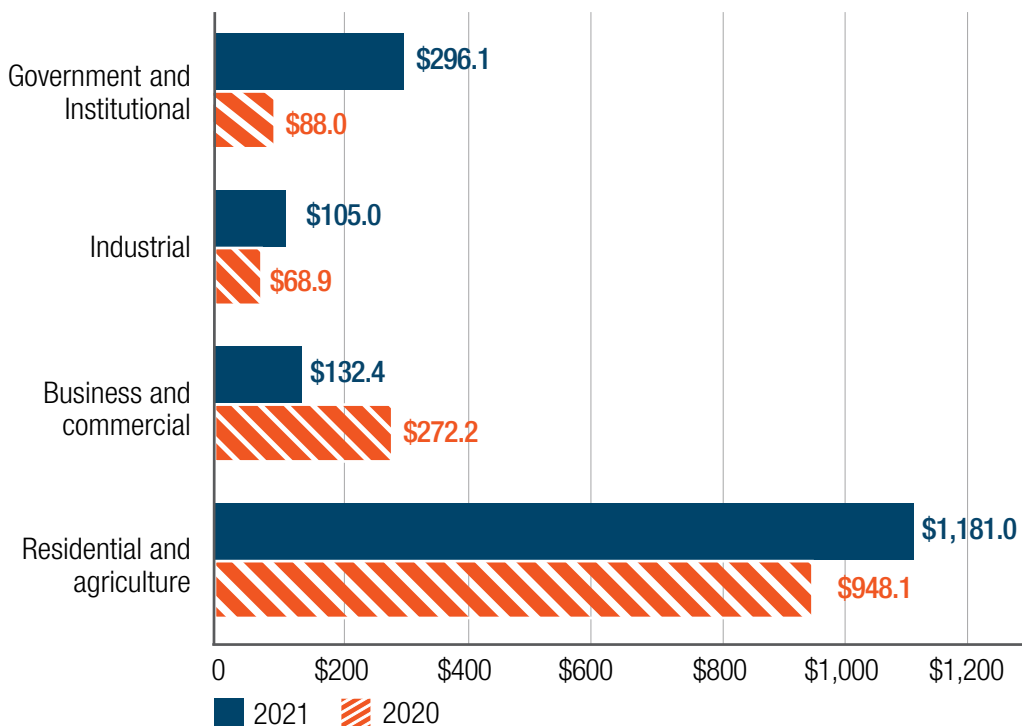
Total Value of Building Permits Issued

(In millions of dollars)



Types of Building Permits Issued in 2021

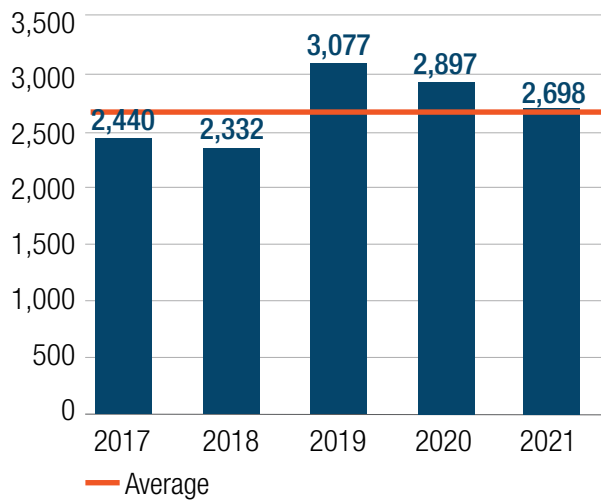
(In millions of dollars)



Housing Starts

For the second year in a row, the Niagara Region saw a slight decrease (7.8 per cent over 2020) in the number of housing starts during the year. In 2021, there was a total of 2,671 housing starts in Niagara. The 2021 housing starts are in line with the five year average of 2,683.4 housing starts per year.

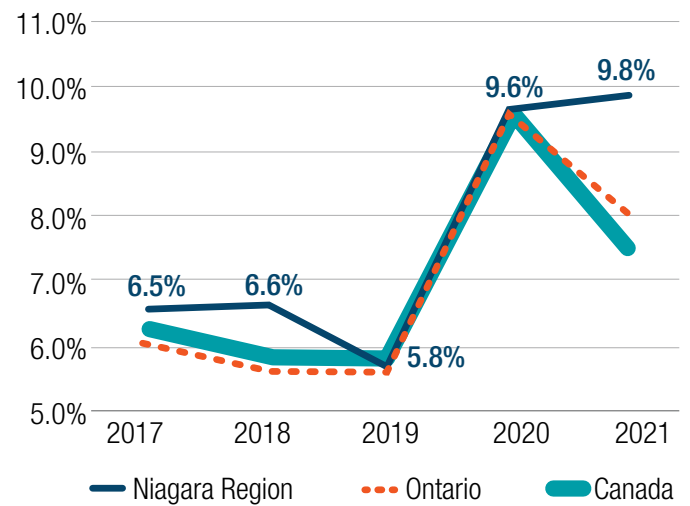
Housing Starts



Unemployment Rates

As in many jurisdictions, the COVID-19 pandemic continued to affect Niagara Region's unemployment rate in 2021. The Niagara Region ended 2021 with an unemployment rate of 9.8%, slightly above the 2020 rate of 9.6%. Due to Niagara's geographic location, the slight rise in the unemployment rate may be attributed to the Canada-U.S. border closure as well as the pandemic related lockdowns.

Unemployment Rates (per cent)



Niagara Outlook and Trends

Aging Population

Niagara's median age is approximately five years older than the median age of the province and country. Over the last 20 years, the 30-44 and under cohort has decreased significantly while the 45-64 and 65+ age cohorts have increased across Niagara and the province. As a result, this demographic difference will create a larger demand for a number of Niagara Region services (i.e. Emergency Medical Services, Senior Services and Niagara Regional Housing) as well as provincial services (i.e. hospitals and health care). Niagara needs to prepare for this ahead of the rest of the country and province.

In order to help prepare for Niagara's aging demographic and reliance on hospital and health care services, Niagara Region has committed to annual contributions of \$2.2 million until 2055, resulting in a total contribution of \$55 million, for the South Niagara and West Lincoln Memorial hospitals. In addition, the Region has made commitments to two hospice facilities, Hospice Niagara with a total contribution of \$4 million over four years and a \$1.1 million contribution for Hospice McNally over five years.

Population's Median Age



46.0 YEARS - Niagara Region ³



40.7 YEARS - Ontario ⁴



41.1 YEARS - Canada ⁴

³ Source: 2016 Census

⁴ Statistics Canada

Infrastructure

In 2019, Niagara Region's new term of Council adopted a new set of strategic priorities including Responsible Growth and Infrastructure Planning. The goal of this strategic priority will be to promote sustainable investments in transportation, transit and infrastructure, while aligning infrastructure planning with preservation of the natural environment.

With the introduction of the Asset Management Office (AMO) in 2019, Niagara Region is making asset management part of the Region's business firstly by implementing decision-making based on corporate-wide risk to ensure that prioritized and approved capital projects deliver the best return and contribute to a long-range financial plan to maintain existing and new infrastructure.

In November, 2021 the AMO introduced the Asset Management Focused Action Plan, which is an internal improvement plan that outlines specific business processes and practice improvements required to implement the Asset Management Policy and deliver sound asset management planning.

In 2021, the Region's Corporate Asset Management Plan was updated by staff and exceeds the requirements of the Province's Ontario Regulation 588/17 which requires every municipality to prepare a strategic asset management policy, a plan to maintain municipal infrastructure assets, a level of service proposal and a series of publicly accessible asset management plans over three different years. The Niagara Region's Corporate Asset Management Plan reports on all services and almost all assets whereas, at this time, the regulation only requires reporting for core assets (road, bridge, culvert, water, wastewater and stormwater management) by July 1, 2022. In addition to covering a broader scope of assets, the Region's plan identifies investment needs and supports long term financial sustainability and identifies potential funding gaps well in advance of the 2025 regulatory timeline. This plan will be presented for Council approval in June 2022.

Current Housing Crisis



St. Catharines has
**9TH HIGHEST
RENTS IN CANADA**



24,000
HOUSEHOLDS NEED
AFFORDABLE HOUSING



1-BED UNITS MEDIAN RENT
\$1,360
Up 8.8% from 2020



84%
Are one person households
and 14% are lone parent
households

Housing and Affordability

Niagara Region has embarked upon an Affordable Housing Strategy which brings together the work of many partners to address the local need for affordable housing. The Affordable Housing Strategy includes work to increase the number of affordable housing units and provide a mix of housing that is appropriate for the various sizes and incomes of households in Niagara.

To meet the forecasted demand for 2051, Niagara needs to add:

- 44,300 single and semi-detached units
- 27,400 row and townhouse units
- 31,000 more apartment units

In order to address the crisis, Niagara Region has maintained their existing community housing stock which includes over 2,600 Niagara Region owned units, over 3,600 housing provider units, 60 non-profit and co-operative housing programs and more than 1,400 rent supplement units.

In addition, in 2021 Niagara Region continued to develop new community housing including the Bridge Housing Project, Hawkins Avenue and supportive housing projects in Niagara Falls, and the Rapid Housing Initiative in Welland. Additionally, Niagara Region has developed of the Community Housing Master Plan.

With the aim of supporting new housing builds, Niagara Region has streamlined development approvals for new housing builds and provides development incentives and development charge deferrals on new affordable housing builds.



Cybersecurity

Cyber risks continue to rise as more and more organizations conduct their business and services online. Cyber threats, breaches, ransomware attacks and phishing continue to be a significant risk for organizations, including the Niagara Region. Based on a recent global survey, more than 80% of organizations suffered a successful email-based phishing attack in 2021, which was a 46% jump over 2020.

Niagara Region has launched a series of mandatory cybersecurity awareness training programs for employees. Statistics have consistently shown that training immediately increases your awareness levels and provides practical skills needed to better protect the Niagara Region from the dangers of data breaches, network attacks and ransomware threats.

To address increasing cyber security risks, Niagara Region continues to make significant investments in training, tools and technology to help prevent, detect and respond to current and emerging threats.

Studies show that
90% OF DATA BREACHES
Are caused by human error

The average data breach cost
\$4.24 MILLION
In 2021, up from \$3.86 million in 2020

Climate Change

Climate change is creating increased risks for major weather events such as severe and more frequent storms. This places more demand on existing infrastructure and may require more costly infrastructure to be built to accommodate these risks and will require the municipality to have increased budget flexibility to deal with unexpected costs. Climate change impacts are being considered in updates to the Region's Asset Management Plan and Official Plan.

Diversity, Equity and Inclusion

In 2021, Niagara Region Council established a Diversity, Equity and Inclusion Advisory Committee. The Committee will be part of creating a plan to improve diversity, equity and inclusion in Niagara. The Committee will provide advice and recommendations to Regional Council and staff. The Committee includes two Regional Councillors and nine community members.

The goal of the Committee is to address the negative impacts of bias and discrimination on quality of life, safety, health and inclusion. It will work with staff and the community to make Niagara more welcoming, diverse and inclusive.

The purpose of the Committee is to:

- Provide suggestions for improving the organization's activities to increase diversity and inclusion
- Collaborate with community groups to identify opportunities for supporting diverse residents' needs
- Work with other organization and community groups
- Support opportunities to promote inclusion and reduce discrimination

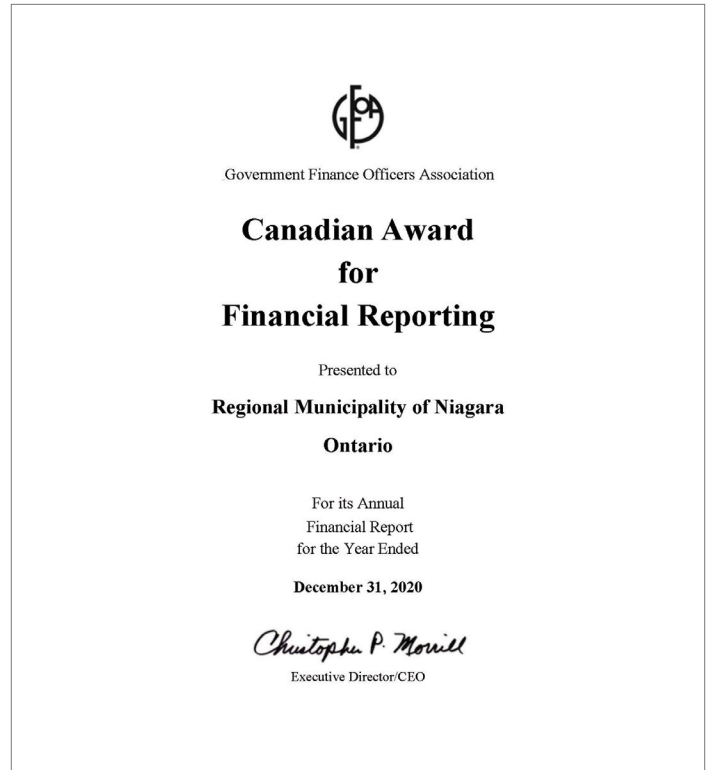


CANADIAN AWARD FOR FINANCIAL REPORTING

Our commitment to developing fiscally responsible budgets and presenting financial information to Niagara Region taxpayers in a clear and easy-to-understand format was recognized by the Government Finance Officers Association of the United States and Canada (GFOA).

For the seventeenth consecutive year, the GFOA presented Niagara Region with the Canadian Award for Financial reporting for the Region's 2020 Annual Financial Report. To receive this award, a government organization must present financial information in a clear, concise and informative manner, with content that conforms to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles.

Niagara Region is continuing this standard of high quality reporting for the submission and evaluation of its 2021 Annual Report to the GFOA's 2021 award program. GFOA also presented Niagara Region with a Distinguished Budget Presentation Award for the 2021 Budget Plan. This award reflects the commitment of Regional Council, management and staff to meet the highest standards of government budgeting. This is the eighteenth time that Niagara Region has received the award and it represents a significant achievement.



Consolidated Financial Statements Highlights

The consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) as recommended by the Chartered Professional Accountants of Canada. The statements and related information are the responsibility of management and include financial activities of all entities deemed to be controlled by Niagara Region, including Niagara Regional Police Service Board, Niagara Regional Housing and Court Services.

The Municipal Act of Ontario requires Niagara Region to appoint an independent auditor to express an opinion as to whether the financial statements present fairly, in all material respects. The independent auditor provides an opinion on Niagara Region's financial position and operating results.

In discharging this responsibility, the auditors have complete access to all Niagara Region records and meet regularly with staff to discuss policies, procedures and process improvements arising from the audit. The auditors provide a written report and if required, a management letter dealing with the adequacy of internal financial control systems, and an audit opinion regarding the results of the financial statement audit.

Consistent with prior years, Niagara Region's financial statements have received an unmodified audit opinion.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated statement of financial position reports on Niagara Region's financial and non-financial assets, liabilities and accumulated surplus at December 31, 2021.

Tangible Capital Assets and Capital Funding Program

Tangible capital assets are significant economic resources managed by Niagara Region and a key component in the delivery of many programs and services.

The net book value of tangible capital assets, as reported in the consolidated statement of financial position, is \$2.1 billion and is highlighted by the categories in the accompanying chart. Total historical costs are \$3.5 billion and the total accumulated amortization is \$1.5 billion, implying that 41.5 per cent of the

estimated useful life of Niagara Region's tangible capital assets have been used in the delivery of programs and services.

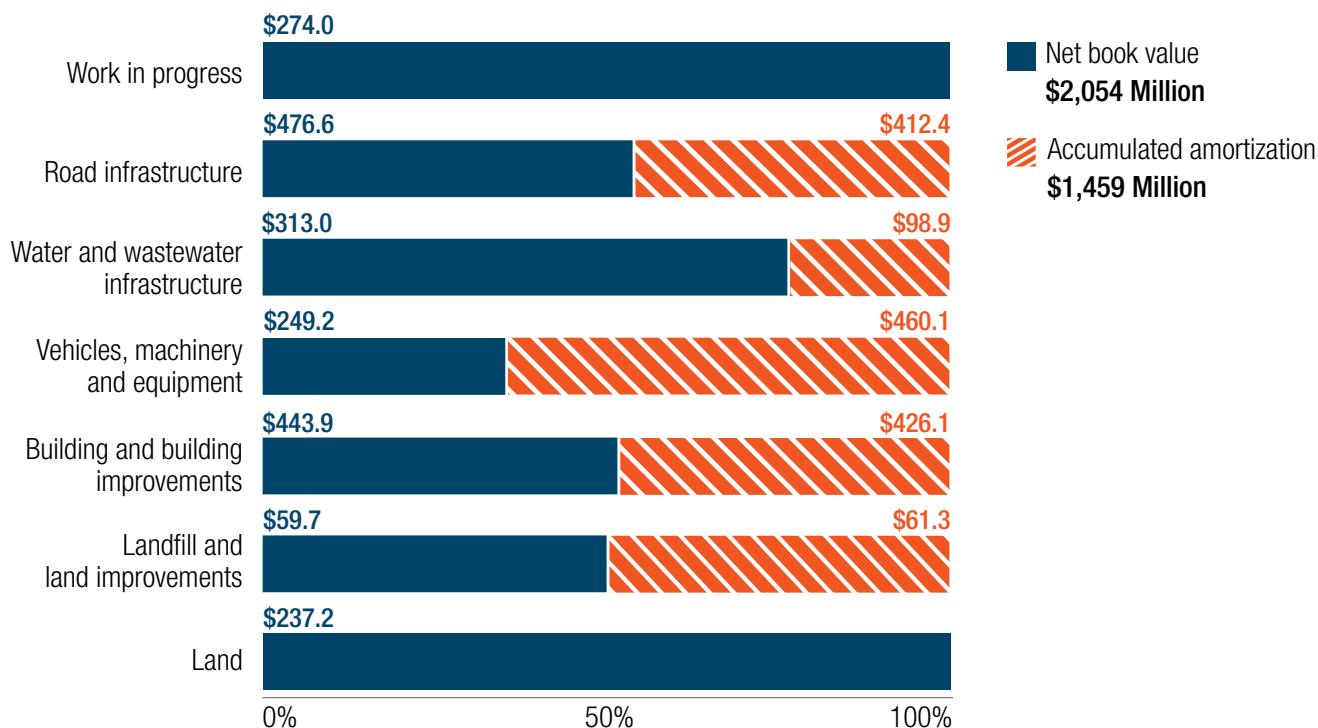
Amortization can be used to estimate future capital spending requirements with the understanding that asset replacement costs will be significantly higher than historical costs.

During the year, Niagara Region acquired \$245 million (2020 - \$173 million) of tangible capital assets. The amortization expense, as reported in the statement of operations, amounts to \$92.9 million (2020 - \$92.3 million).

Project budgets, whereby tangible capital assets are constructed or acquired, are approved by Regional Council to ensure that the appropriate funding is in place. Once the funding is in place, tangible capital assets are acquired in compliance with the Region's financial policies.

Tangible Capital Assets

Net Book Value and Amortization (in millions of dollars)



The Niagara Region's Capital Financing Policy is focused on ensuring long-term financial sustainability and flexibility while maintaining a strong credit rating and adherence to statutory requirements. Policy principles will be implemented over time to manage affordability associated with the transition period to financial sustainability. The intent of the Policy is to establish guidelines for Council and staff to effectively plan for the appropriate financial resources to deliver the growing needs of the Region's capital program and to identify optimal funding sources for these capital projects based on the scope of the project.

Total request\$2,979 MILLION

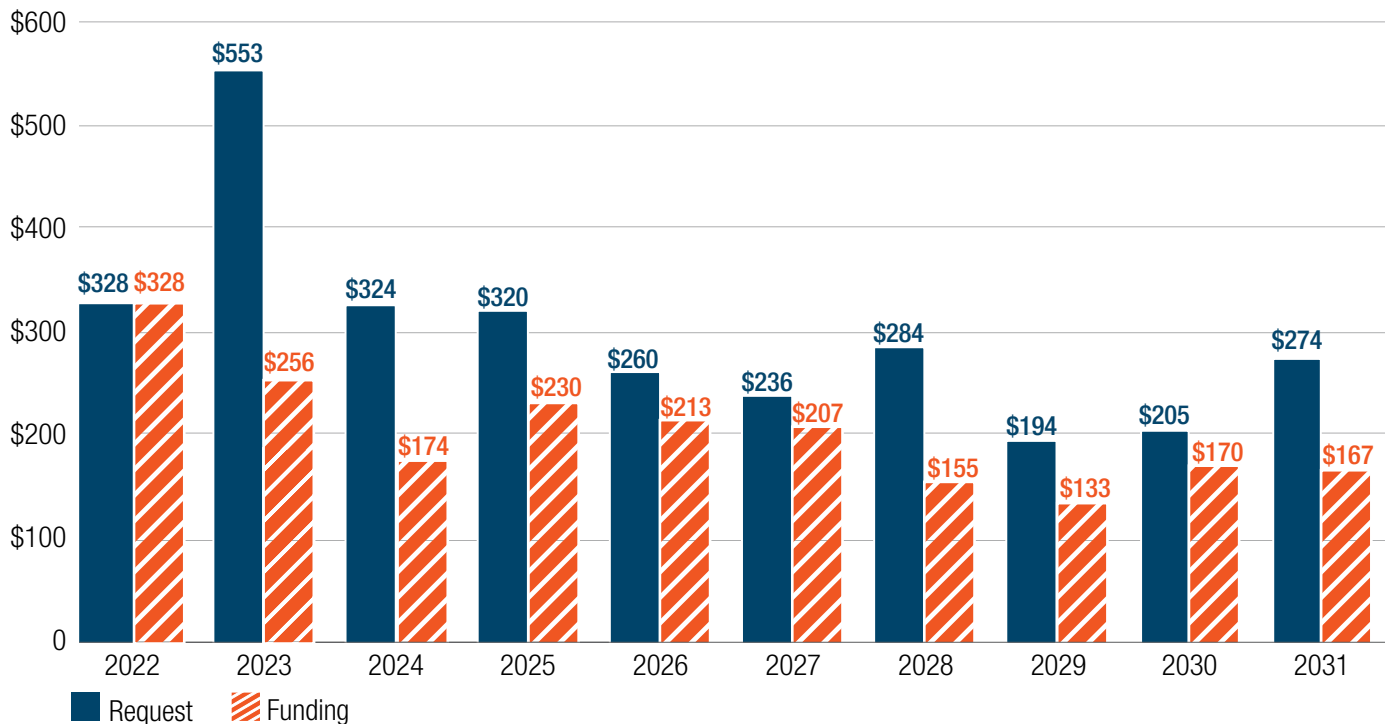
Total funding\$2,034 MILLION

Funding gap.....\$945 MILLION

The graph illustrates deviations between gross capital requests and funding sources available within each year.

Ten Year Capital Ask

(In millions of dollars)



Debt Position and Long-Term Debt Strategy

Niagara Region's debt practices are governed by provincial legislation and Regional Council. The long-term capital financing requirements for the capital infrastructure plan and asset management plan are guided by the Capital Financing Policy. The Region utilizes reserves and debt in the financing of the capital program. Debt financing is used for significant upgrade and rehabilitation initiatives to ensure the operating impact of the investment remains smooth to match revenue recovery from tax and rate-payers with the benefit of the infrastructure.

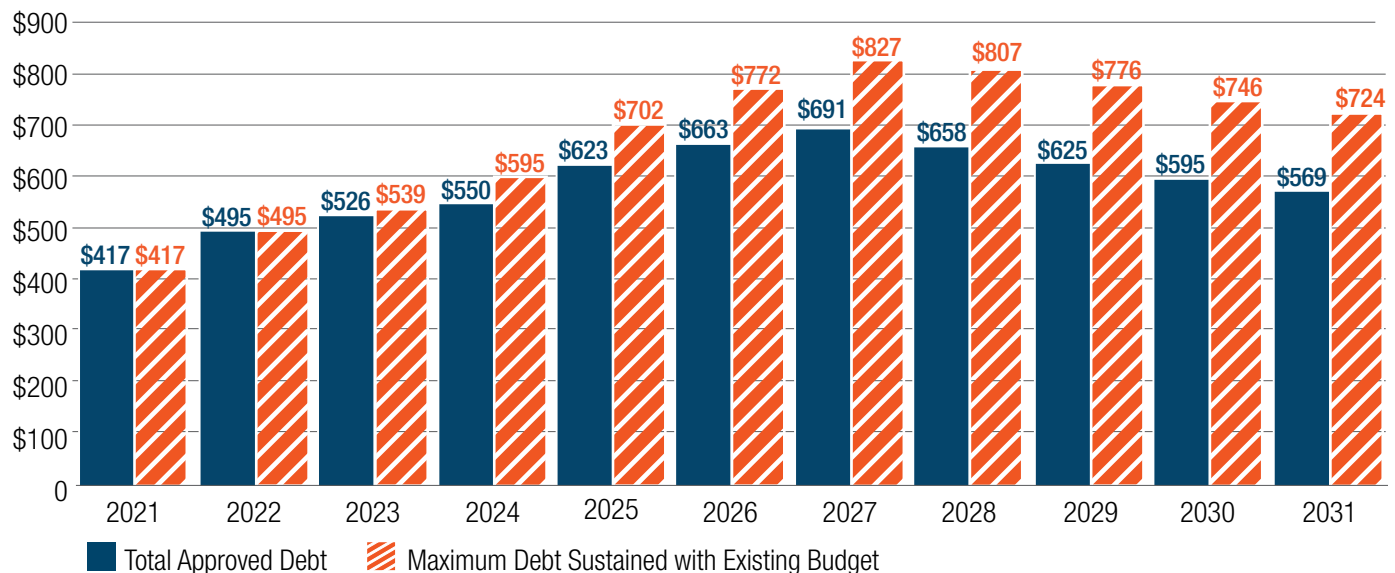
The following chart illustrates the annual projected debt levels over the next 10 years for approved debt, as well as the maximum debt level sustained with existing budget. The maximum debt level sustained with existing budget speaks to the total amount of debt that would be possible for the Region to carry should the decision be made to utilize the existing operating budget made available from debt that is retiring in the year.

This strategy may be considered in future years to address the capital infrastructure gap. The increasing trend in maximum debt available is a result of the fact that recent interest rates are more favourable than that on debt that is retiring, allowing for more debt to be serviced with the same amount of annual operating budget.

On an annual basis, Niagara Region is required to calculate their annual repayment limit. The annual repayment limit is the maximum amount that a municipality can pay in principal and interest payments in the year for long-term debt. To calculate the annual repayment limit, Niagara Region divides total debt payments for the year by the total net revenues for the same year. A lower debt payment as a per cent of own source revenues indicates that a lower amount of the municipality's own source revenues are being used toward principal and debt repayments.

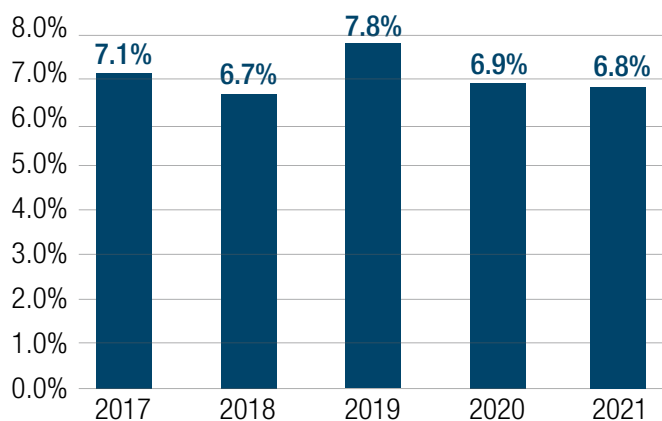
Forecasted Outstanding Debt Principal

(In millions of dollars)



The province's prescribed annual debt repayment limit stipulates that payments relating to all debt and other long-term financial obligations of a municipality may not exceed 25 per cent of own source revenues, including the annual tax levy, rate generated revenue and user fees. Niagara Region's annual debt repayment limit at the end of 2021 was 6.8 per cent (2020 - 6.9 per cent).

Debt Payments as a Per Cent of Own Source Revenues (per cent)



Niagara Region, by way of provincial legislation, also issues all debt on behalf of the 12 local area municipalities. The total debt recorded on the consolidated statement of financial position is \$762 million (2020 - \$740 million), which includes \$346 million (2020 - \$324 million) of debt recoverable from others. Debt recoverable from others accounts for 45.4 per cent of the total debt recorded at the end of 2021 (2020 – 43.8 per cent).

On October 18, 2021 S&P reaffirmed Niagara Region's "AA" rating with stable outlook. The ratings reflect S&P's opinion of Niagara's exceptional liquidity, very strong budgetary performance, strong financial management, and moderate debt burden.

S&P noted that the COVID-19 pandemic continued to dampen the Region's economy as a result of lockdown measures, travel restrictions and the closure of the Canada-U.S. border to non-commercial traffic. Canada's strong vaccination rates as well as the reopening of the boarder should start to fuel economic growth in the region.

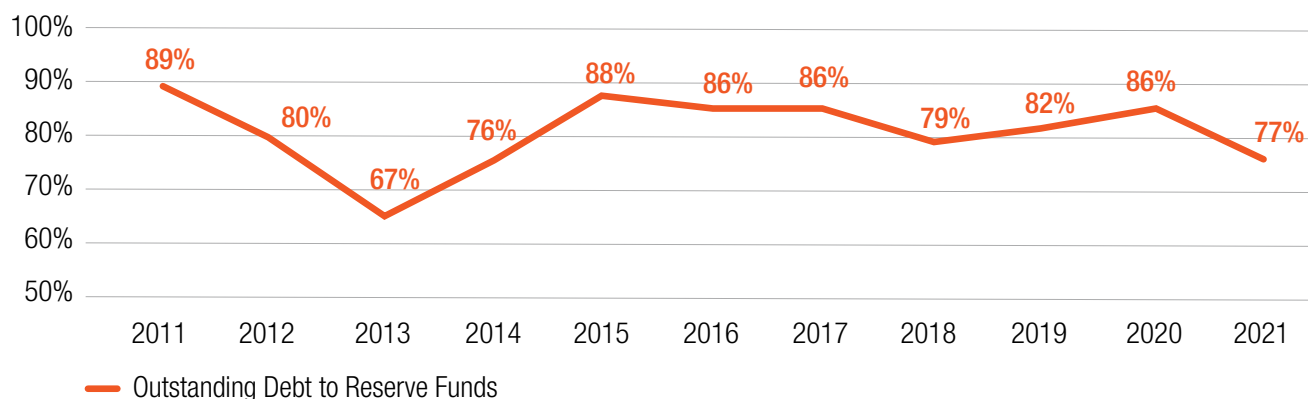
The report states that despite the budgetary impacts of the COVID-19 pandemic, Niagara's budgetary performance has not deteriorated as tax revenues have continued to flow and management took adequate actions to offset the revenue loss and the increase in expenditures in addition to funding received from federal and provincial governments to offset the related financial impact of the pandemic.

Highlights of the report also note that, while unlikely in the next two years, Niagara Region could receive a stronger rating if the region demonstrated significant and sustained economic and demographic improvement through healthier growth in population and household incomes, more in line with that of Canada, and its after-capital deficits improved to a balance position.

As a result of the trends identified by S&P, in the 2022 budget Niagara Region has continued using the debt charge placeholder as a tool to control debt charges levels and future debt issuance amounts, continues to use levy reserves, and is funding economic development initiatives.



Outstanding Debt to Reserve Funds (per cent)



The Region relies on reserves as a key component of the capital financial plan to support the Region's pay-as-you-go approach for recurring lifecycle requirements. The chart above illustrates the impact of Niagara Region's financial plan in terms of the debt-to-reserve ratio. Reserves used in this ratio include discretionary reserves recorded in accumulated surplus as well as obligatory reserves recorded in deferred revenue. The lower the ratio, the more financial flexibility that is available to respond to new requirements and the more secure Niagara Region's overall financial position. In 2013 and 2014 significant investments in critical infrastructure were made utilizing debt.

Net Financial Assets (Net Debt)

Public Sector Accounting Standards (PSAS) require the Niagara Region to distinguish between financial and physical assets. Financial assets are those assets on hand, which would provide resources to discharge liabilities of finance future operations. The difference between financial assets and liabilities, or net financial assets (net debt), is an indicator of Niagara Region's ability to finance future activities and meet its liabilities and commitments.

In 2021, Niagara Region's net debt position decreased from \$36.0 million to \$22.7 million. The Region's net debt is a result of all the financial activity that occurred in 2021 and means that the Region's financial liabilities exceed its financial assets. The decrease in net debt is a result of higher investment and accounts receivable at year-end, offset by additional debentures issued for infrastructure financing and higher deferred revenue balances at year-end.

Accumulated Surplus

The accumulated surplus represents the net asset position (financial assets plus non-financial assets less financial liabilities) of Niagara Region.

At December 31, 2021, Niagara Region's accumulated surplus balance is \$2.1 billion (2020 - \$1.9 billion). The accumulated surplus is made up of amounts invested in tangible capital assets, unexpended capital finding, reserve balances and is offset by an operating fund deficit and unfunded liabilities. Amounts are shown in the table below.

Breakdown of Accumulated Surplus

(in millions of dollars)

Category	Amount (\$)	Percentage of Total Accumulated Surplus
Invested in tangible capital assets	\$1,632.7	79.3%
Unexpended capital financing	348.0	16.9%
Reserves	291.0	14.1%
Operating fund	(10.6)	-0.5%
Unfunded liabilities	(201.6)	-9.8%
Accumulated Surplus	\$2,059.5	100.0%



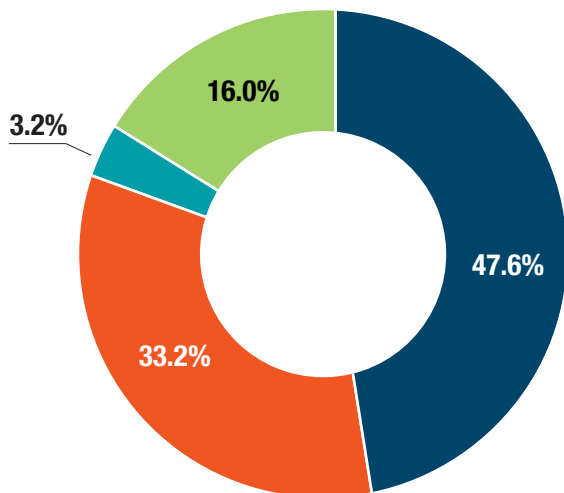
Reserves

The accumulated surplus figure on the consolidated statement of financial position includes reserve funds. These reserves are managed and funds transferred to/from the funds as per Niagara Region's Reserve and Reserve Fund Policy. Reserves are to be used for specified purposes and are categorized as capital reserves, stabilization reserves, specified contribution reserves and future liability reserves.

Niagara Region's reserves of \$291 million at December 31, 2021 are highlighted in the chart below by their designated purpose.

Reserves

(In per cent and millions of dollars)



In Millions of Dollars

Capital reserves	\$138.5	(47.6%)
Stabilization reserves	96.7	(33.2%)
Specified contribution reserves	9.2	(3.2%)
Future liability reserves	46.6	(16.0%)
Total Reserves	\$291.0	(100.0%)

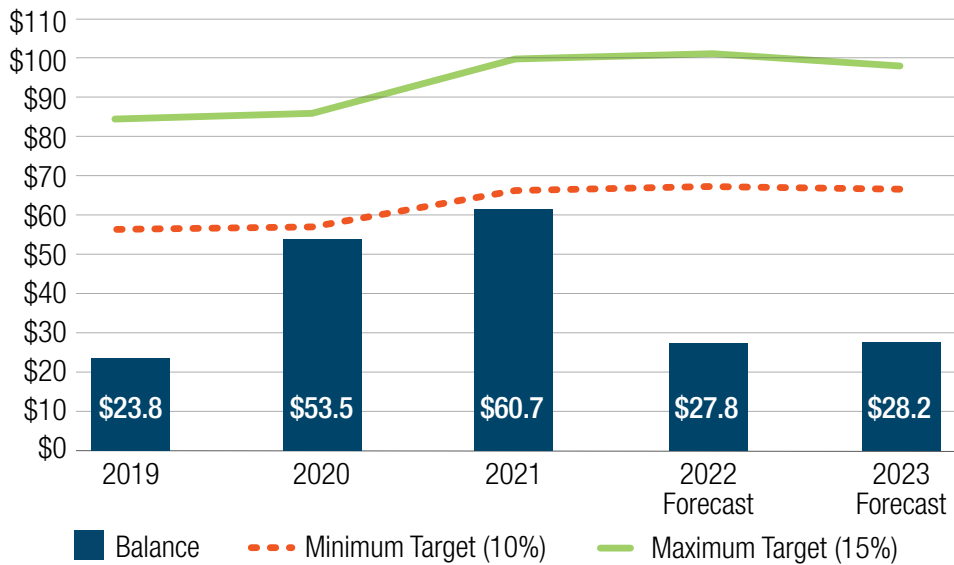
The Reserve and Reserve Fund policy states minimum target balances for corporate stabilization reserves to be 10 per cent to 15 per cent of gross budgeted expenditures. As of December 31, 2021, and taking into consideration Regional Council's approved year end transfer recommendation, the Region's Taxpayer Relief Stabilization Reserve and the Wastewater Stabilization Reserve are both underfunded. The Water Stabilization Reserve is fully funded, having achieved the 15 per cent target balance and the Waste Management Stabilization Reserve is within the funding targets.

The Taxpayer Relief Stabilization Reserve has seen a temporary balance increase in 2020 and 2021 as a result of COVID-19 related funding received from other levels of government subsequent to corporate mitigation and redeployment measures to manage the pandemic. In 2021, \$19.0 million was budgeted to be drawn from the Taxpayer Relief Stabilization Reserve in order to fund COVID-19 related expenditures. As a result of confirmed external funding, none of these transfers from reserve were required and therefore the funds remain in the Reserve. The 2022 budget includes \$26.1 million in transfers from the Taxpayer Relief Stabilization Reserve to fund COVID-19 related costs and \$6 million was used to mitigate the impacts of the operating budget pressures on the taxpayers. If external COVID-19 funding is secured these transfers may be reduced. The Taxpayer Relief Reserve continues to be below the minimum funding targets.



Tax Levy Stabilization⁵

(In millions of dollars)

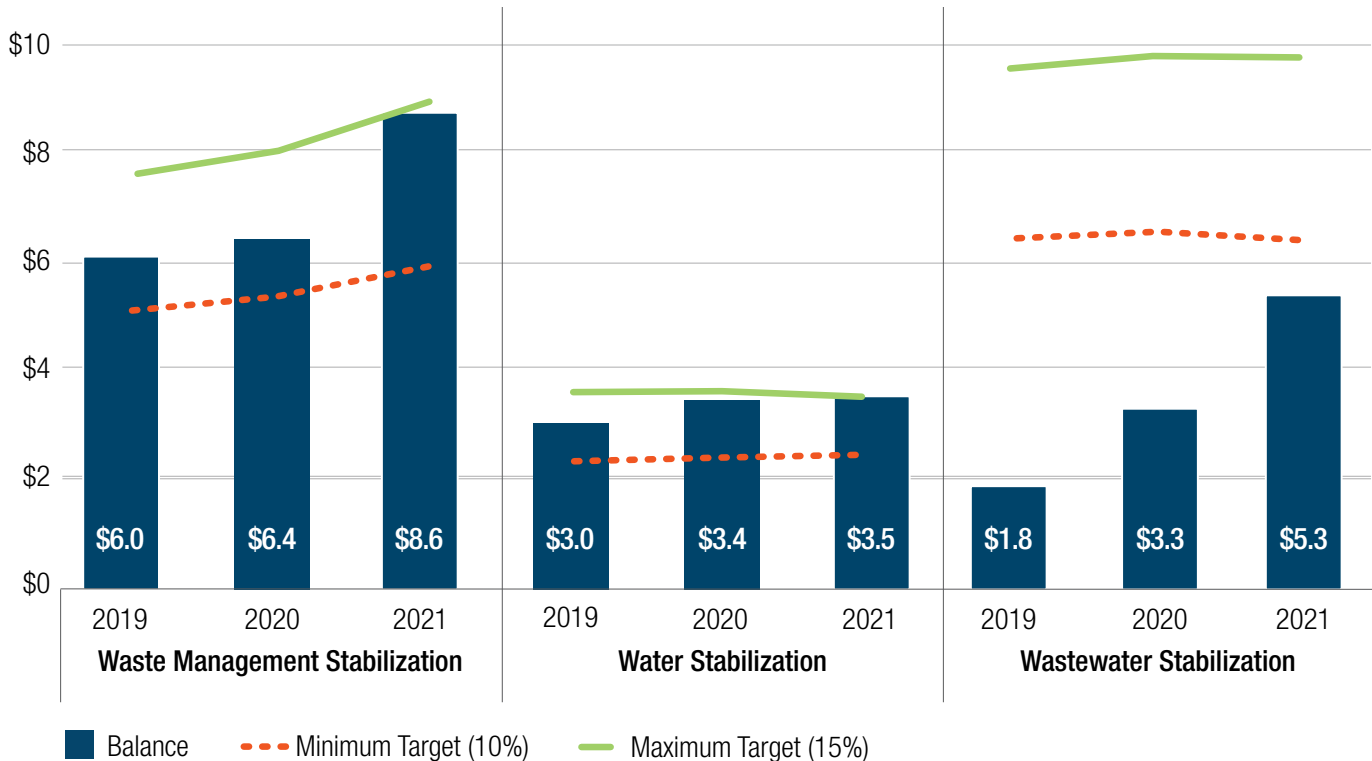


At December 31, 2021, the Tax Levy Stabilization Reserve is underfunded by a range of \$5.0 to \$37.8 million

5 Taxpayer Relief Reserve

Waste Management, Water and Wastewater Stabilization Reserve Balances

(In millions of dollars)



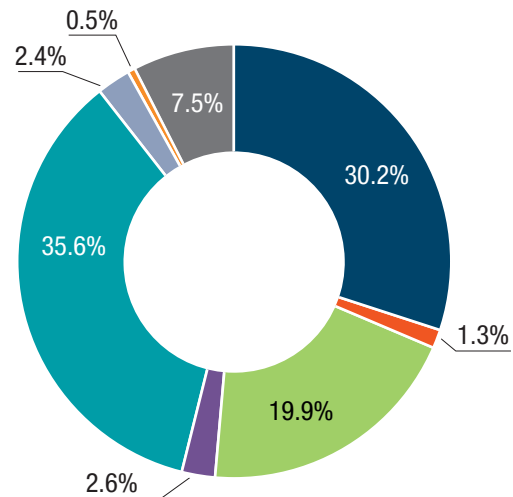
CONSOLIDATED STATEMENT OF OPERATIONS HIGHLIGHTS

The consolidated statement of operations reports Niagara Region's change in economic resources and accumulated surplus. During the year, annual revenues exceeding expenses, resulting in a \$163.8 million (2020 - \$96.2 million) surplus in accordance with Canadian Public Sector Accounting Standards.

Compared to 2020, Niagara Region's revenues reflect an increase in taxation and user charges for the year of \$24.4 million which includes taxes to support \$1.5 million annual contribution to reserve (for a \$12.6 million total commitment) toward the expansion of health services in West Niagara, \$2 million dedicated to enhanced funding for critical infrastructure such as roads reconstruction and bridge replacement, \$1.3 million for EMS system transformation to continue to ensure high quality patient care. A net increase in federal, provincial and municipal grants of \$14.9 million mainly due to funding received to offset COVID-19 costs, a \$47.0 million gain on transfer of work-in-progress related to construction of Canada Summer Games infrastructure and \$11.5 million of contributed assets revenue for two housing facilities, acquired by Niagara Regional Housing at nominal or below market-rate values.

Revenue By Source

(In per cent and millions of dollars)



In Millions of Dollars

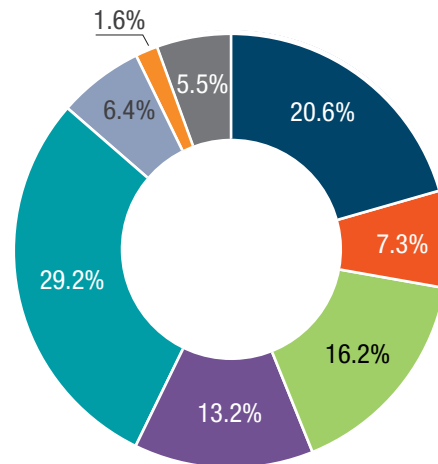
Province of Ontario	\$359.9	(30.2%)
Investment income	15.8	(1.3%)
User charges	236.7	(19.9%)
Government of Canada grants	30.6	(2.6%)
Property taxes	423.3	(35.6%)
Development charges	28.8	(2.4%)
Court services fines	6.1	(0.5%)
Other income	88.7	(7.5%)
Total	\$1,189.9	(100%)



Higher expenses in 2021 related to increased costs experienced in health services in particular due to the COVID-19 pandemic as a result of incremental compensation and supply costs. There was an increase in expenses related to protection and persons and property mainly attributable to higher compensation costs experienced during the year and the portion of the increase in employee future benefits specifically attributable to this segment. A full valuation was performed on the Region's employee future benefit obligation, and due to an increase in claims and benefit costs, a \$8.2 million increase in the unfunded liability was recognized within the various functions. Employee future benefit costs are funded as they are incurred. Expenses were higher in environmental services due to changes in the assumption used in the landfill liability model (including adjustments to the contamination life span and changes to the capital costs for some of the sties) which increased 2021 expenses by approximately \$10.4 million. Offsetting these increased costs were decreased costs related to a reduction in planning and incentive grants during the year and lower grants to Local Area Municipalities for inter-municipal transit bus purchases.

Expense By Function

(In per cent and millions of dollars)



In Millions of Dollars

Protection to persons and property	\$211.9	(20.6%)
Transportation services	75.0	(7.3%)
Environmental services	166.6	(16.2%)
Health services	135.5	(13.2%)
Social and family services	299.9	(29.2%)
Social housing	66.1	(6.4%)
Planning and development	16.2	(1.6%)
General government	55.0	(5.5%)
Total	\$1,026.2	(100%)



2021 Approved Budget Compared to Financial Statements

A balanced 2021 operating and capital budget was approved by Regional Council on January 21, 2021.

When preparing the budget, Niagara Region considers its cash needs for the year to ensure it collects sufficient tax revenue to cover its obligations and execute its business plan. This includes budgeting for any principal debt repayments and considers required transfers to or from reserves. Conversely, Niagara Region does not budget for amortization and its annual impact on tangible capital assets, changes in employee future benefit liabilities, and changes in the solid waste landfill closure, contaminated site and post-closure costs liability, as these are primarily non-cash items.

The budget was prepared for the purpose of setting tax rates and user fees rather than a framework for presenting annual financial results. Therefore, in order to issue financial statements, Niagara Region is required to adjust its presentation of the financial results to be in accordance with Canada Public Sector Accounting Standards (PSAS). The chart on the follow page identifies the components that move Niagara Region from its approved balanced budget to the Canadian PSAS financial statements presented throughout the annual report.



Top: Welland Canal, Welland

2021 Approved Budget Compared to Financial Statements

(In millions of dollars)

	Approved Budget	2021	2020
Based on budget approach			
Water and Wastewater surplus	\$-	\$ 2.3	\$2.7
Waste Management surplus	-	5.7	1.5
Levy surplus	-	11.9	37.3
Operating surplus based on CSD 9-2022	-	19.9	41.5
Capital PSAS Adjustments			
Recognize amortization	(92.9)	(92.9)	(92.3)
Recognize in year capital program revenues	89.1	88.8	58.0
Recognize capital fund expenditures resulting in operating expenses	(6.0)	(7.9)	(20.1)
Recognize operating fund expenditures resulting in capital assets	2.5	2.5	2.8
Recognize proceeds and loss on disposal of assets	(2.3)	(2.3)	(2.2)
Recognize gain on transfer of tangible capital assets	47.0	47.0	-
Recognize operating funding transferred to capital program	-	2.5	-
Capital subtotal	37.4	37.7	(53.8)
Funded PSAS Adjustments			
Remove principle debt repayments	49.2	31.1	31.6
Remove net transfers to reserves (including interest allocation)	35.7	93.0	89.5
Remove sinking fund activity	-	0.5	0.4
Funded subtotal	84.9	124.6	121.5
Unfunded PSAS Adjustments			
Recognize change in landfill liability	(10.4)	(10.4)	(6.6)
Recognize power dams liability	-	0.4	0.4
Recognize change in unfunded employee future benefits liability	(8.4)	(8.4)	(6.2)
Recognize change in contaminated sites liability	-	-	(0.6)
Unfunded Subtotal	(18.8)	(18.4)	(13.0)
Annual surplus with PSAS adjustments	103.5	163.8	96.2



AUDIT COMMITTEE

Niagara Region's Audit Committee is responsible for ensuring that:

- Annual consolidated financial statements are prepared in accordance with Canadian Public Sector Accounting Standards and referred to Regional Council for approval
- Systems of internal control over financial reporting operate effectively and are used to ensure compliance with legal, regulatory and ethical requirements
- The external audit function is used effectively and any issues identified are addressed

The Audit Committee evaluates the external auditor based on qualifications, independence, scope of the audit, timing of the audit and fees. The Audit Committee recommends the replacement, reappointment and/or appointment of the external auditors to Regional Council.

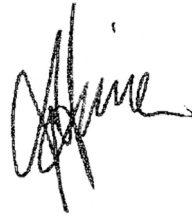
FINANCIAL MANAGEMENT AND CONTROL

Niagara Region maintains a system of internal controls designed to safeguard assets and ensure transactions are properly authorized and recorded in compliance with legislative and regulatory requirements. The financial management and control systems of Niagara Region are governed by various by-laws, policies and procedures. Niagara Region's systems of internal controls are monitored and evaluated by management and are subject to independent audit.

Niagara Region has been consistently making improvements to the financial reports within the new system implemented in 2016, which has enhanced decision making and the financial reporting environment. Niagara Region did not receive any management letter points for improvements in relation to the 2021 financial statement audit. This was the fifth consecutive year in which no management letter was issued.

CONCLUSION

Providing service to 484,840 residents in an ever-changing economy requires proactive financial management and a strong control framework. Achieving a balance between providing the programs and services residents have come to rely upon, ensuring they can afford to pay for them and making sure we have funds to support future infrastructure and program needs will continue to drive the financial strategies of Niagara Region. We are committed to providing high standards of fiscal excellence at Niagara Region.



Todd Harrison,

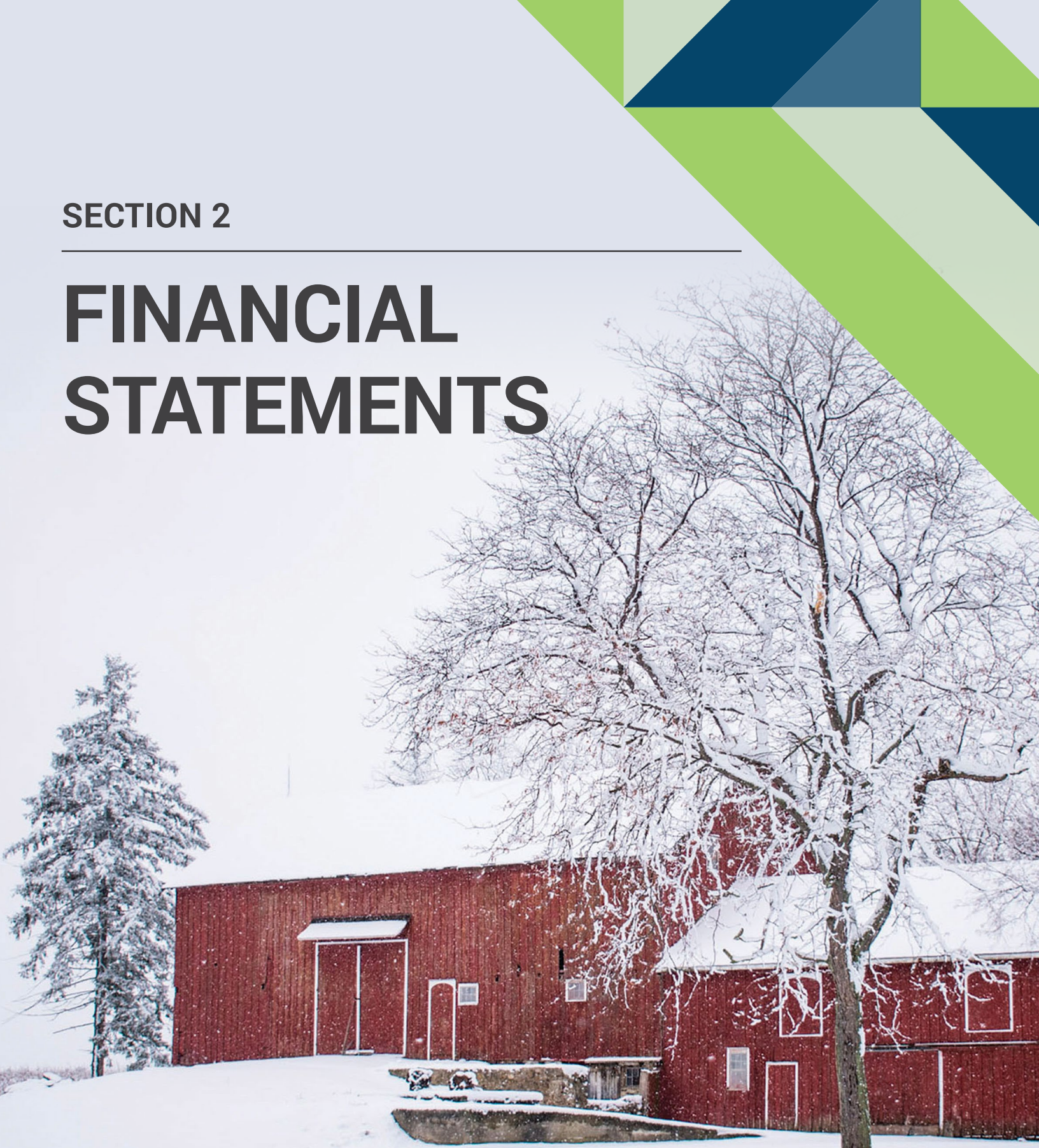
Commissioner of Corporate Services/Treasurer

May 19, 2022



SECTION 2

FINANCIAL STATEMENTS



Red barn in Vineland pops against a snowy backdrop

Prepared by Corporate Services
Department and the office of the
Chief Administration Officer



THE REGIONAL MUNICIPALITY OF NIAGARA

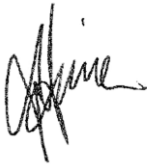
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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 Deloitte 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.



Todd Harrison,

Commissioner of Corporate Services/Treasurer

May 19, 2022

Independent Auditor's Report

To the Members of Council of
the Regional Municipality of Niagara

Opinion

We have audited the consolidated financial statements of Regional Municipality of Niagara (the "Region"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations and changes in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Region as at December 31, 2021, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Financial Statements* section of our report. We are independent of the Region 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.

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.

In preparing the financial statements, management is responsible for assessing the Region's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Region or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Region'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 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 these financial statements.

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 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 Region's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Region's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Region to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Region to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The image shows a handwritten signature in cursive script that reads "Deloitte LLP". The signature is written in dark ink on a white background.

Chartered Professional Accountants
Licensed Public Accountants
May 19, 2022

THE REGIONAL MUNICIPALITY OF NIAGARA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2021 (In thousands of dollars)

	2021	2020
FINANCIAL ASSETS		
Cash	\$ 169,862	\$ 224,114
Investments (note 2)	787,658	658,015
Accounts receivable (note 3)	104,799	78,204
Other assets	1,109	948
Tangible capital assets held for sale (note 4)	400	850
Debt recoverable from others (note 9)	345,859	324,254
	1,409,687	1,286,385
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	172,733	157,970
Employee future benefits and post-employment liabilities (note 5)	124,330	116,148
Deferred revenue (note 6)	289,795	235,356
Landfill closure and post-closure liability (note 7)	78,250	67,872
Contaminated sites liability (note 8)	576	576
Long-term liabilities (note 9)	762,474	740,201
Capital lease obligation (note 10)	4,204	4,262
	1,432,362	1,322,385
Net debt	(22,675)	(36,000)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 11)	2,053,549	1,903,743
Inventory	9,298	8,485
Prepaid expenses	19,329	19,522
	2,082,176	1,931,750
Accumulated surplus (note 12)	\$ 2,059,501	\$ 1,895,750

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, 2021 (In thousands of dollars)

	2021 Budget (note 20)	2021 Actual	2020 Actual
REVENUES (note 19)			
Taxation and user charges:			
Levies on area municipalities	\$ 421,371	\$ 423,319	\$ 409,551
User charges	234,487	236,671	226,068
	655,858	659,990	635,619
Government transfers (note 18):			
Government of Canada	31,344	30,586	31,841
Province of Ontario	369,907	359,896	354,193
Other municipalities	10,781	11,070	640
	412,032	401,552	386,674
Other:			
Development charges earned	36,391	28,771	33,428
Investment income	16,102	15,787	15,343
Provincial offences	11,453	6,121	5,068
Gain on tangible capital assets (note 11)	46,994	46,994	-
Miscellaneous	26,959	30,705	9,136
	137,899	128,378	62,975
Total revenues	1,205,789	1,189,920	1,085,268
EXPENSES (note 19)			
General government	62,208	54,972	52,542
Protection to persons and property	211,523	211,781	196,100
Transportation services	86,267	75,045	87,555
Environmental services	182,557	166,576	154,424
Health services	139,253	135,532	114,626
Social and family services	326,510	299,911	308,768
Social housing	68,488	66,112	64,707
Planning and development	25,463	16,240	10,318
Total expenses	1,102,269	1,026,169	989,040
Annual surplus	103,520	163,751	96,228
Accumulated surplus, beginning of year	1,895,750	1,895,750	1,799,522
Accumulated surplus, end of year	\$ 1,999,270	\$ 2,059,501	\$ 1,895,750

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, 2021 (In thousands of dollars)

	2021 Budget (note 20)	2021 Actual	2020 Actual
Annual surplus	\$ 103,520	\$ 163,751	\$ 96,228
Acquisition of tangible capital assets	(185,994)	(185,994)	(172,451)
Contributed tangible capital assets	(11,547)	(11,547)	(951)
Transfers from tangible capital assets held for sale	(450)	(450)	(910)
Amortization of tangible capital assets	92,917	92,917	92,331
Loss on sale of tangible capital assets	1,013	1,013	1,973
Gain on transfer of tangible capital assets (note 11)	(46,994)	(46,994)	-
Net proceeds on sale of tangible capital assets	1,250	1,250	194
Change in inventory	-	(813)	(987)
Change in prepaid expenses	-	192	(913)
Change in net financial assets	(46,285)	13,325	14,514
Net debt, beginning of year	(41,187)	(36,000)	(50,514)
Net debt, end of year	(\$ 87,472)	(\$ 22,675)	(\$ 36,000)

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, 2021 (In thousands of dollars)

	2021	2020
OPERATING ACTIVITIES		
Annual surplus	\$ 163,751	\$ 96,228
Items not involving cash:		
Amortization of tangible capital assets	92,917	92,331
Loss on sale of tangible capital assets	1,013	1,973
Gain on transfer of tangible capital assets	(46,994)	-
Contributed tangible capital assets	(11,547)	(951)
Change in employee future benefits and post-employment liabilities	8,182	6,686
Change in landfill closure and post-closure liability	10,378	6,595
Change in contaminated sites liability	-	576
Change in non-cash assets and liabilities (note 22)	41,825	43,299
Net change in cash from operating activities	259,525	246,737
CAPITAL ACTIVITIES		
Net proceeds on sale of tangible capital assets	1,250	194
Acquisition of tangible capital assets	(185,994)	(172,451)
Net change in cash from capital activities	(184,744)	(172,257)
INVESTING ACTIVITIES		
Proceeds on sale of investments	54,888	2,589
Purchase of investments	(184,531)	(25,008)
Net change in cash from investing activities	(129,643)	(22,419)
FINANCING ACTIVITIES		
Capital lease payments	(58)	(90)
Proceeds on debt issued and assumed	33,718	69,966
Long-term debt repaid	(31,066)	(31,573)
Increase in sinking fund assets	(1,984)	(1,931)
Net change in cash from financing activities	610	36,372
Net change in cash	(54,252)	88,433
Cash, beginning of year	224,114	135,681
Cash, end of year	\$ 169,862	\$ 224,114

THE REGIONAL MUNICIPALITY OF NIAGARA

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2021 (In thousands of dollars)

	2021	2020
Cash paid for interest	\$ 14,485	\$ 13,781
Cash received from interest	12,481	16,920
Investing and financing activities on behalf of others:		
Debt issued on behalf of others	52,772	38,668
Repayment made on behalf of others	31,171	30,833

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, 2021 (In thousands of dollars)

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”). 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

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

ii) 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, 2021 (In thousands of dollars)

1. Significant accounting policies (continued):

(c) Investments:

Investments consist of bonds and money market notes and are stated at the lower of cost and market value. Gains and losses on investments are recorded when incurred.

(d) 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	3 – 20
- Vehicles	3 – 20
- Machinery and equipment	3 – 60
Water and wastewater infrastructure	25 – 100
Roads infrastructure	40
- 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, 2021 (In thousands of dollars)

1. Significant accounting policies (continued):

(d) 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.

(e) 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.

(f) 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, 2021 (In thousands of dollars)

1. Significant accounting policies (continued):

(h) 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.

(i) 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 reasonable estimated.

(j) Investment income:

Investment income earned on surplus current fund, capital fund, reserves and reserve funds (other than obligatory reserve funds which are comprised of development charges and gas tax), are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the applicable fund balance and forms part of the deferred development charge and gas tax balances.

(k) 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 \$2,542 (2020 - \$6,472) 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, 2021 (In thousands of dollars)

1. Significant accounting policies (continued):

(l) Tangible capital assets held for sale:

Tangible capital assets which meet the criteria for financial assets are reclassified as “tangible capital assets held for sale” 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.

(m) 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, landfill closure and post-closure liability, 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.

2. Investments:

Investments reported on the consolidated statement of financial position at the lower of cost or market have values as follows:

	2021		2020	
	Cost	Market Value	Cost	Market Value
Investments	\$ 787,658	\$ 791,033	\$ 658,015	\$ 693,687

The Region has purchased \$5,400 (2020 - \$3,928) 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 \$29,474 (2020 - \$32,973). Coupon rates for these debentures ranged from 3.10% to 3.40%.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

3. Accounts receivable:

Accounts receivable are reported net of a valuation allowance of \$544 (2020 - \$652).

4. Tangible capital assets held for sale:

During the year, the Region wrote down tangible capital assets held for sale to these assets net realizable value in the amount of \$nil (2020 – \$nil). The value of write downs related to tangible capital assets held for sale is reported in the consolidated statement of operations.

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.

	2021	2020
Workplace Safety & Insurance Board	\$ 55,833	\$ 51,389
Accumulated Sick Leave	9,790	10,904
Retiree benefits	40,653	36,416
Vacation pay	12,751	12,545
Other post-employment liabilities	5,303	4,894
Total employee future benefits and post-employment liabilities	\$ 124,330	\$ 116,148

On May 30, 2021, Niagara Regional Housing, a fully consolidated entity of the Niagara Region, transferred the Service Manager responsibilities related to the administration of programs and services back to the Niagara Region. As a result of this restructuring transaction, the employee future benefit and post-retirement benefit obligations of Niagara Regional Housing were transferred to the Niagara Region.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

5. Employee future benefits and post-employment liabilities (continued):

Employee future benefits and post-employment benefits reported on the consolidated statement of financial position by entity consist of the following:

	2021	2020
Niagara Regional Police Services	\$ 68,520	\$ 63,335
Niagara Regional Housing	-	1,538
Niagara Region	55,810	51,275
Total	\$ 124,330	\$ 116,148

The Region has established reserve funds 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 financial statements, the plans are considered unfunded. These reserve funds are presented in the consolidated statement of financial position within accumulated surplus. Reserves relating to these liabilities are summarized by entity below:

	2021	2020
Niagara Regional Police Services	\$ 8,817	\$ 8,982
Niagara Regional Housing	-	793
Niagara Region	25,149	24,551
Total (note 12)	\$ 33,966	\$ 34,326

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

5. Employee future benefits and post-employment liabilities (continued):

Information about the Region's benefit plans is as follows:

	2021			Total
	Niagara Regional Police	Niagara Regional Housing	Niagara Region	
Accrued benefit obligation:				
Balance, beginning of year	\$ 67,098	\$ 461	\$59,586	\$ 127,145
Current benefit cost	4,414	(10)	6,280	10,684
Interest	5,466	2	1,740	7,208
Actuarial loss (gain)	11,223	-	11,480	22,703
Benefits paid	(5,963)	(95)	(5,463)	(11,521)
Net	82,238	358	73,623	156,219
Amount transferred	-	(358)	358	-
Unamortized actuarial (loss) gain	(13,719)	-	(18,170)	(31,889)
Liability	\$ 68,519	\$ -	\$ 55,811	\$ 124,330
	2020			Total
	Niagara Regional Police	Niagara Regional Housing	Niagara Region	
Accrued benefit obligation:				
Balance, beginning of year	\$ 66,424	\$ 480	\$ 55,361	\$ 122,265
Current benefit cost	3,948	(9)	7,702	11,641
Interest	2,322	5	1,680	4,007
Benefits paid	(5,596)	(15)	(5,157)	(10,768)
Balance, end of year	67,098	461	59,586	127,145
Unamortized actuarial (loss) gain	(3,763)	1,077	(8,311)	(10,997)
Liability	\$ 63,335	\$ 1,538	\$ 51,275	\$ 116,148

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

5. Employee future benefits and post-employment liabilities (continued):

Included in expenses is \$1,812 (2020 - \$1,806) for amortization of the actuarial gain. The unamortized actuarial gain (loss) is amortized over the expected average remaining service life as listed below:

Accumulated Sick Leave Benefit Plan entitlement	3 - 12 years
Retiree benefits	12 - 16 years
WSIB	9 – 11 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, 2021 and the expense for the year ended December 31, 2021, were determined using a discount rate of 3.00% (2020 – 3.75%).

Administration costs

Administration costs were assumed to be 27% (2020 – 32%) 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 (2020 – 2.00%).

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

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, 2021, of the present value of future liabilities and the expense for the year ended December 31, 2021, were determined using a discount rate of 3.25% (2020 – 3.75%).

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, 2021, of the present value of future liabilities and the expense for the year ended December 31, 2021, were determined using a discount rate of 3.25% (2020 - 3.75%).

Medical costs

Medical costs were assumed to increase at the rate of 3.42% (2020 – 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% (2020 – 2.75%) per year.

Inflation

Inflation was assumed to be 1.75% (2020 – 1.75%) per year.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

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 2021 with a funding deficit of \$3.1 billion (2020 - \$3.2 billion). The funded ratio remained unchanged at 97% in 2021, and has either stayed the same or increased for the eighth consecutive year.

The amount contributed to OMERS for 2021 was \$32,924 (2020 - \$32,270) for current service and is included as an expense on the consolidated statement of operations. Employees’ contribution to OMERS in 2021 were \$32,893 (2020 - \$32,226).

Contributions for employees with a normal retirement age of 65 were being made at rate of 9.0% (2020 – 9.0%) for earnings up to the yearly maximum pensionable earnings of \$61.6 (2019 - \$58.70) and at a rate of 14.6% (2020 – 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% (2020 - 9.2%) and 15.8% (2020 - 15.8%) respectively.

6. Deferred revenue:

In accordance with PSAS, obligatory reserve funds are reported as deferred revenue. The Region treats development charges and gas tax as obligatory reserve funds. The Region has obligatory reserve funds in the amount of \$259,095 (2020 - \$205,339). These reserve funds are considered obligatory as 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 South Niagara East-West Corridor.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

6. Deferred revenue (continued):

The deferred revenues, reported on the consolidated statement of financial position, are comprised of the following:

	2021	2020
Development charges	\$ 206,297	\$ 176,297
Gas tax	46,826	29,042
Obligatory reserve funds	253,123	205,339
Investing in Ontario Grant	10,617	10,617
Other deferred revenue	26,055	19,400
Balance, end of year	\$ 289,795	\$ 235,356

The continuity of obligatory reserve funds are summarized below:

Development charges:

	2021	2020
Balance, beginning of year	\$ 176,297	\$ 163,141
Externally restricted inflows	54,029	42,126
Revenue earned	(28,771)	(33,428)
Investment income	4,741	4,458
Balance, end of year	\$ 206,297	\$ 176,297

Gas tax:

	2021	2020
Balance, beginning of year	\$ 29,042	\$ 35,001
Externally restricted inflows	28,949	14,443
Revenue earned	(12,080)	(21,243)
Investment income	915	841
Balance, end of year	\$ 46,826	\$ 29,042

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

7. Landfill closure and post-closure liability:

The Region owns and monitors 14 landfill sites, two of which are open and operating. The liability 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.

The costs were based upon the 2021 budget and inflation adjusted at a rate of 1.75% per annum (2020 – 1.75%) until the end of contamination. These costs were then discounted to December 31, 2021 using a discount rate of 3.40% (2020 – 3.40%). Post-closure care is estimated to be required for the contaminating lifespan of landfill sites up to 40 years (2020 – 40 years). The liability for closure and post-closure care as at December 31, 2021 is \$78,250 (2020 - \$67,872). Estimated total expenditures for closure and post-closure care are \$133,490 (2020 - \$77,776). The liability remaining to be recognized is \$55,240 (2020 - \$9,904). It is estimated that the life of open landfill sites range from 24 to 39 years with an estimated total remaining capacity of 3,158 thousand cubic meters (2020 - 3,220 thousand cubic meters).

The Region has a landfill reserve which is dedicated for costs relating to settling closure and post-closure care liabilities. As of December 31, 2021 the reserve balance is \$10,163 (2020 - \$10,820) (note 12).

8. Contaminated site liability:

A liability for the remediation of contaminated sites is recognized as the best estimate of the amount required to remediate the contaminated sites 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. 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.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

8. Contaminated site liability (continued):

As at December 31, 2021 the Region has recognized a liability for contaminated sites of \$576 (2020 - \$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 costs, and disposal costs. The remediation is planned to occur in 2024 and is subject to Council approval.

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 made up of the following:

	2021	2020
Long-term liabilities incurred by the Region	\$ 783,184	\$ 758,658
Less: Sinking fund assets	(20,710)	(18,457)
Long-term debt	\$ 762,474	\$ 740,201
Debt recoverable from others net of sinking fund assets (long-term liabilities incurred by the Region for which other entities have assumed responsibility)	(345,859)	(324,254)
Net long-term debt, end of year	\$ 416,615	\$ 415,947

(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, 2021 (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).
- (d) The Region is contingently liable for long-term liabilities with respect to debt issued for area municipalities, school boards, tile drainage and shoreline property assistance. The total amount outstanding as at December 31, 2021 is \$345,859 (2020 - \$324,254) and is reported on the consolidated statement of financial position as debt recoverable from others.
- (e) Principal payments to be funded by the Region, including sinking fund payments, due in each of the next five years are as follows:

	2021
2022	\$ 32,944
2023	32,589
2024	31,525
2025	27,442
2026	23,280
Thereafter	268,835
	\$ 416,615

Total interest on net long-term liabilities which are reported on the consolidated statement of operations amounted to \$14,269 in 2021 (2020 - \$13,571). The long-term liabilities bear interest at rates ranging from 0.04% to 3.75%. 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, 2021 (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:

	2021
2022	\$ 216
2023	216
2024	216
2025	216
2026	216
Thereafter	5,793
Total minimum lease payments	\$ 6,873
Less: amount representing implicit interest at 3.75%	(2,669)
Capital lease obligation	\$ 4,204

In 2021, interest of \$159 (2020 - \$126) 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, 2021 is \$6,379 (Land - \$800, Building - \$5,579) and accumulated amortization of leased tangible capital assets at December 31, 2021 is \$349 (2020 - \$209). 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, 2021 (In thousands of dollars)

11. Tangible capital assets:

	2021							
	Land	Landfill and Land Improvements	Building and Building Improvements	Vehicles, Machinery and Equipment	Water and Wastewater Infrastructure	Roads Infrastructure	Work in progress	Total
Cost								
Balance, beginning of year	\$ 230,597	\$ 108,914	\$ 835,598	\$ 683,595	\$ 398,836	\$ 875,165	\$ 157,829	\$ 3,290,534
Additions/transfers	6,612	12,503	38,467	38,411	13,455	18,936	116,152	244,536
Disposals	(55)	(429)	(3,996)	(12,709)	(361)	(5,138)	-	(22,688)
Balance, end of year	237,154	120,988	870,069	709,297	411,929	888,963	273,981	3,512,382
Accumulated Amortization								
Balance, beginning of year	-	57,671	404,483	440,811	93,239	390,587	-	1,386,791
Disposals	-	(384)	(3,991)	(11,273)	(254)	(4,973)	-	(20,875)
Amortization expense	-	4,049	25,648	30,546	5,895	26,779	-	92,917
Balance, end of year	-	426,139	460,084	98,880	412,393	-	1,458,833	
Net Book Value, end of year	\$ 237,154	\$ 59,652	\$ 443,929	\$ 249,213	\$ 313,050	\$ 476,570	\$ 273,981	\$ 2,053,549

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

11. Tangible capital assets (continued):

	2020							
	Land	Landfill and Land Improvements	Building and Building Improvements	Vehicles, Machinery and Equipment	Water and Wastewater Infrastructure	Roads Infrastructure	Work in progress	Total
Cost								
Balance, beginning of year	\$ 223,666	\$ 104,590	\$ 807,799	\$ 639,171	\$ 372,599	\$ 824,241	\$ 179,385	\$ 3,151,451
Additions/transfers	6,106	6,178	31,722	64,363	26,266	60,323	(21,556)	173,402
Reclassification of assets previously held for sale	1,323	-	103	-	-	-	-	1,426
Disposals	(498)	(1,854)	(4,026)	(19,939)	(29)	(9,399)	-	(35,745)
Balance, end of year	230,597	108,914	835,598	683,595	398,836	875,165	157,829	3,290,534
Accumulated Amortization								
Balance, beginning of year	-	55,627	383,442	428,923	87,654	371,876	-	1,327,522
Disposals	-	(1,782)	(3,755)	(19,680)	(22)	(7,823)	-	(33,062)
Amortization expense	-	3,826	24,796	31,568	5,607	26,534	-	92,331
Balance, end of year	-	57,671	404,483	440,811	93,239	390,587	-	1,386,791
Net Book Value, end of year	\$ 230,597	\$ 51,243	\$ 431,115	\$ 242,784	\$ 305,597	\$ 484,578	\$ 157,829	\$ 1,903,743

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

11. Tangible capital assets (continued):

(a) Work in progress

Work in progress of \$273,981 (2020 - \$157,829) has not been amortized. Amortization of these assets will commence when the asset is put into service.

Included in work in progress at December 31, 2021 is \$99,252 (2020 - \$19,687) related to the construction of the 2022 Canada Summer Games infrastructure.

Transfer of Canada Summer Games work in progress:

During the year, the Region took over construction of the 2022 Canada Summer Games infrastructure from the Canada Summer Games Host Society resulting in a gain on transfer of tangible capital assets in the amount of \$46,994 which has been reported on the consolidated statement of operations.

Funding and Commitments:

Since the date of infrastructure transfer to the Region, \$25,093 of external revenue has been received and is reflected in the consolidated statement of operations. Other external funding sources will be recognized in the operating statement when earned. The Region has contributed \$20,849 toward the construction of the 2022 Canada Summer Games Park and has an additional commitment of \$3,419 to this project and plans to fund 14% of the total contribution with federal gas tax revenue.

Subsequent events:

On February 11, 2022, the Canada Summer Games Park reached the stage of substantial completion. On this date, the asset was transferred to the Canada Summer Games Consortium ("Consortium"), in which the Region has a 25% interest. The Consortium is made up of four partners, Brock University, the City of St. Catharines, the City of Thorold and the Region. The transfer of the assets to the Consortium will result in a loss on transfer of tangible capital assets which will be reported in the 2022 consolidated statement of operations.

The Region will account for their interest in the Consortium using the proportionate consolidation method.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

11. Tangible capital assets (continued):

(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, which includes land, building and roads infrastructure is \$11,547 (2020 - \$951).

(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 (2020 – \$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.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

12. Accumulated Surplus:

Accumulated surplus consists of balances as follows:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 1,632,730	\$ 1,483,534
Capital fund – unexpended capital financing	347,970	322,541
Operating fund	(10,612)	(10,987)
Unfunded		
Landfill closure and post-closure liability	(78,250)	(67,872)
Contaminated sites	(576)	(576)
Employee future benefits and post-employment liabilities	(122,763)	(114,339)
Total surplus	1,768,499	1,612,301
Reserves set aside by Council:		
Ambulance communication	-	-
Circle route initiatives	1,133	1,383
Hospital contribution	8,100	6,600
Employee benefits	33,966	34,326
Encumbrances	17,097	16,275
General capital levy	18,632	19,941
Niagara Regional Housing	16,385	12,226
Court Services facilities renewal	3,701	3,210
Public liability self-insurance	2,270	2,270
Smart growth	201	201
Taxpayer relief reserve	60,656	53,509
Waste management	20,180	17,534
Wastewater	21,843	28,409
Water	74,438	75,384
Landfill liability	10,163	10,820
Other reserves	2,237	1,361
Total reserves	291,002	283,449
Total accumulated surplus	\$ 2,059,501	\$ 1,895,750

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

13. Trust funds:

Trust funds administered by the Region amounting to \$1,067 (2020 - \$985) 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 \$376,252 (2020 - \$164,838) for capital projects. These costs include holdbacks. The holdbacks related to work completed as of December 31, 2021 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 \$4,128 (2020 - \$5,488). Annual payments of \$1,538 (2020 - \$1,695) 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:

	2021
2022	\$ 2,172
2023	1,541
2024	1,308
2025	688
2026	430
Thereafter	1,557
	<u>\$ 7,696</u>

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

15. Contingent liabilities:

At December 31, 2021, 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 \$10,698 (2020 - \$12,058) 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 fund for allocated self-insurance claims which as at December 31, 2021 amount to \$2,270 (2020 - \$2,270) (note 12) and is reported on the consolidated statement of financial position under accumulated surplus. An amount of \$nil (2020- \$nil) has been transferred from this reserve fund in the current year.

Payments charged against operations in the current year amounted to \$2,716 (2020 - \$4,326).

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 \$19,158 (2020 - \$18,507).

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

18. Government transfers:

The government transfers reported on the consolidated statement of operations are as follows:

	Budget	2021	2020
Revenue:			
Government of Canada:			
General government	\$ 5,168	\$ 5,168	\$ -
Transportation services	7,095	7,095	18,067
Environmental services	4,985	4,985	4,470
Social and family services	4,470	3,755	1,584
Social housing	7,546	7,546	7,720
Planning and development	2,080	2,037	-
	31,344	30,586	31,841
Province of Ontario:			
General government	13,088	16,921	20,829
Protection to persons and property	9,546	9,407	9,642
Transportation services	685	924	70
Environmental services	-	9	693
Health services	93,286	90,938	72,819
Social and family services	239,004	228,726	242,099
Social housing	14,298	12,971	8,041
Planning and development	-	-	-
	369,906	359,896	354,193
Other municipalities:			
General government	10,447	10,698	172
Protection to persons and property	334	322	319
Transportation services	-	-	3
Environmental services	-	23	146
Health services	-	27	-
	10,781	11,070	640
Total revenues	\$ 412,032	\$ 401,552	\$ 386,674

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

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.

(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, 2021 (In thousands of dollars)

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) 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 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, 2021 (In thousands of dollars)

2021

	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Social housing	Planning and development	Total
Revenues:									
Levies on area municipalities	\$ 382,752	-	-	\$ 40,567	-	-	-	-	\$ 423,319
User charges	572	4,730	4,011	184,584	825	24,920	15,711	1,318	236,671
Government transfers	32,788	9,729	8,019	5,016	90,964	232,482	20,517	2,037	401,552
Development charges earned	2,280	17	9,827	8,345	49	-	7,899	354	28,771
Investment income	15,646	-	-	-	-	-	141	-	15,787
Provincial offenses	-	6,121	-	-	-	-	-	-	6,121
Miscellaneous	52,873	3,431	543	7,893	554	723	11,570	112	77,699
Total revenues	486,911	24,028	22,400	246,405	92,392	258,125	55,838	3,821	1,189,920
Expenses:									
Salaries, wages and employee benefits	6,685	176,317	16,720	33,547	114,163	124,384	6,427	6,377	484,620
Operating expenses	27,012	17,800	24,741	98,892	18,008	82,275	20,688	1,923	291,339
External transfers	1,777	7,665	2,789	2,330	19	88,571	29,825	7,940	140,916
Debt services	14,063	-	48	-	159	-	-	-	14,270
Amortization	5,423	9,999	29,546	31,486	3,183	4,108	9,172	-	92,917
Miscellaneous	12	-	1,201	321	-	573	-	-	2,107
Total expenses:	54,972	211,781	75,045	166,576	135,532	299,911	66,112	16,240	1,026,169
Annual surplus (deficit)	\$ 431,939	\$ (187,753)	\$ (52,645)	\$ 79,829	\$ (43,140)	\$ (41,786)	\$ (10,274)	\$ (12,419)	\$ 163,751

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

2020									
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Social housing	Planning and development	Total
Revenues:									
Levies on area municipalities	\$ 370,730	-	-	\$ 38,821	-	-	-	-	\$ 409,551
User charges	436	3,880	5,222	173,494	602	25,528	15,839	1,067	226,068
Government transfers	21,001	9,961	18,140	5,309	72,819	243,683	15,761	-	386,674
Development charges earned	1,109	470	10,790	15,427	158	-	5,048	426	33,428
Investment income	15,118	-	-	-	-	-	225	-	15,343
Provincial offenses	-	5,068	-	-	-	-	-	-	5,068
Miscellaneous	855	482	968	5,639	114	545	272	261	9,136
Total revenues	409,249	19,861	35,120	238,690	73,693	269,756	37,145	1,754	1,085,268
Expenses:									
Salaries, wages and employee benefits	5,272	161,542	16,193	32,765	96,165	120,210	6,187	5,687	444,021
Operating expenses	24,900	17,609	23,822	86,535	14,712	80,096	19,611	1,453	268,738
External transfers	1,955	6,992	16,360	5,441	-	104,386	29,841	3,178	168,153
Debt services	13,427	-	21	-	126	-	-	-	13,574
Amortization	6,919	10,003	29,623	29,250	3,415	4,053	9,068	-	92,331
Miscellaneous	69	(46)	1,536	433	208	23	-	-	2,223
Total expenses:	52,542	196,100	87,555	154,424	114,626	308,768	64,707	10,318	989,040
Annual surplus (deficit)	\$ 356,707	\$ (176,239)	\$ (52,435)	\$ 84,266	\$ (40,933)	\$ (39,012)	\$ (27,562)	\$ (8,564)	\$ 96,228

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

20. Budget data:

The budget amounts presented in these consolidated financial statements are based upon the 2021 operating and capital budgets approved by Council on January 21, 2021. 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, 2021 (In thousands of dollars)

20. Budget data (continued):

	Budget Amount
REVENUES	
Operating	
Approved budget	\$ 1,058,987
Budget Adjustments	58,698
Revenues classified as expenses	(199)
Capital:	
Development charges	27,096
Grants and subsidies	42,920
Other contributions	19,203
Gain on transfer of tangible capital assets	46,994
Loss on sale of tangible capital assets	(1,013)
Less:	
Transfers from reserves	(45,599)
Proceeds on sale of tangible capital assets	(1,298)
Total revenue	1,205,789
EXPENSES	
Operating	
Approved budget	\$ 1,058,987
Budget Adjustments	58,698
Revenues classified as expenses	(199)
Add:	
Capital project cost resulting in operating expenses	6,001
Amortization	92,917
Employee future benefits	8,423
Landfill liability	10,378
Less:	
Operating expenses resulting in tangible capital assets	(2,452)
Transfers to reserves, including capital	(81,285)
Debt principal payments	(49,199)
Total expenses	1,102,269
Annual surplus	\$ 103,520

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

21. Contingent Liabilities:

On April 8, 2021, the Region executed a guarantee of the Region's portion of Southwestern Internet Fibre Technology ("SWIFT")'s revolving credit facility with TD Bank in an amount of \$2,439. The purpose of the credit facility is to fund SWIFT's obligation to pay the internet service providers who will undertake the project to expand digital infrastructure within the Region until the receipt of the funding for the project is received from the Ontario Ministry of Agriculture and Food.

22. 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:

	2021	2020
Accounts receivable	(\$ 26,595)	\$ 1,936
Other current assets	(161)	(531)
Accounts payable and accrued liabilities	14,763	28,188
Deferred revenue	54,439	15,606
Inventory	(813)	(987)
Prepaid expenses	192	(913)
Net Change in Non-Cash Assets and Liabilities	\$ 41,825	\$ 43,299

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

23. Subsequent Event – Niagara Transit Commission

On February 2, 2022, Niagara Region received triple majority approval for the delivery of consolidated region-wide transit services effective January 1, 2023. Niagara Regional Council will establish the Niagara Transit Commission (the “Commission”) as a Municipal Services Board (MSB) of the Region. The Commission will assume tangible capital assets at nominal value, long-term debt and reserves from local area municipalities that are currently providing transit services and be reported in the Region’s 2023 consolidated financial statements.

A triple majority vote consists of:

- A majority of all voters on upper-tier council;
- A majority of all the lower-tier councils have passed resolutions consenting to the by-law; and
- The total number of electors in the lower-tier municipalities that have passed resolutions consenting to the by-law form a majority of the electors in the upper-tier municipality

24. Comparative figures:

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

Independent Auditor's 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 "Region"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the sinking funds of the Region as at December 31, 2021, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Financial Statements* section of our report. We are independent of the Region 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.

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.

In preparing the financial statements, management is responsible for assessing the Region's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Region or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Region'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 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 these financial statements.

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 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 Region's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Region's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Region to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

The image shows the handwritten signature of Deloitte LLP in a cursive script.

Chartered Professional Accountants
Licensed Public Accountants
May 19, 2022

THE REGIONAL MUNICIPALITY OF NIAGARA

SINKING FUND STATEMENT OF FINANCIAL POSITION

As at December 31, 2021 (In thousands of dollars)

	2021	2020
FINANCIAL ASSETS		
Cash	\$ 264	\$ 2,180
Interest receivable	125	75
Due from operating fund	-	16
Investments (note 2)	20,321	16,202
	20,710	18,473
LIABILITIES		
Accounts payable and accrued liabilities	4	4
Due to operating fund	1	-
Sinking fund requirements		
City of St. Catharines	2,418	2,158
The Regional Municipality of Niagara	17,807	15,896
	20,230	18,058
Accumulated surplus and net financial assets	\$ 480	\$ 415

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

For the year ended December 31, 2021 (In thousands of dollars)

	2021	2020
REVENUES		
Contributions	\$ 1,512	\$ 1,512
Investment Income	727	652
Total revenues	2,239	2,164
EXPENSES		
Professional fees	4	4
Provision for sinking fund requirements	2,171	2,098
Total expenses	2,175	2,102
Net change in fund balance for the year	64	62
Accumulated surplus, beginning of year	415	353
Accumulated surplus (deficit), end of year	\$ 480	\$ 415

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, 2021 (In thousands of dollars)

	2021	2020
OPERATING ACTIVITIES		
Excess of expenses over revenue for the year	\$ 64	\$ 62
Change in non-cash working capital balances		
Interest receivable	(50)	21
Due to operating fund	17	32
Accounts payable	1	1
Net change in cash from operating activities	32	116
INVESTING ACTIVITIES		
Purchase of investments	(4,119)	(2,061)
Proceeds from the sale of investments	-	1,800
Net change in cash from investing activities	(4,119)	(261)
FINANCING ACTIVITY		
Increase in sinking fund requirements	2,171	2,097
Net increase (decrease) in cash from financing activity	(1,916)	1,952
Cash, beginning of year	2,180	228
Cash, end of year	\$ 264	\$ 2,180

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, 2021 (In thousands of dollars)

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.

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.

(d) Investment income:

Investment income is reported as revenue in the period earned.

2. Investments:

The investments consist of municipal and provincial bonds and are carried at cost. At December 31, 2021 the investments have a market value of \$20,216 (2020 - \$19,691)

Independent Auditor's 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 "Region"), which comprise the statement of financial position as at December 31, 2021, and the statements of financial activities and change in fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the trust funds of the Region as at December 31, 2021, and the results of its operations and its cash flows for the year then ended 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Region 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.

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.

In preparing the financial statements, management is responsible for assessing the Region's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Region or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Region'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 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 these financial statements.

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 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 Region's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Region's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Region to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

The image shows the handwritten signature of Deloitte LLP in a cursive script.

Chartered Professional Accountants
Licensed Public Accountants
May 19, 2022

THE REGIONAL MUNICIPALITY OF NIAGARA

TRUST FUNDS STATEMENT OF FINANCIAL POSITION

As at December 31, 2021 (In thousands of dollars)

	2021	2020
ASSETS		
Cash	\$ 269	\$ 251
Due from Regional Municipality of Niagara	798	734
Fund balance	\$ 1067	\$ 985

The accompanying notes are an integral part of these financial statements.

THE REGIONAL MUNICIPALITY OF NIAGARA

TRUST FUNDS STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE

For the year ended December 31, 2021 (In thousands of dollars)

	2021	2020
REVENUE		
Deposits from residents	\$ 322	\$ 245
Donations	192	201
	514	446
EXPENSES		
Expenditures for the benefit of residents	432	423
	432	423
Excess of revenues over expenses	82	23
Fund balance, beginning of year	985	962
Fund balance, end of year	\$ 1,067	\$ 985

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, 2021 (In thousands of dollars)

	2021	2020
OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 82	\$ 23
Change in non-cash assets and liabilities		
Due from Regional Municipality of Niagara	(64)	(16)
Net change in cash from operating activities	18	7
Cash, beginning of year	251	244
Cash, end of year	\$ 269	\$ 251

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, 2021 (In thousands of dollars)

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.

Independent Auditor's Report

To the Board of Directors of Niagara Regional Housing

Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of Niagara Regional Housing (the "Organization"), which comprise the statement of financial position as at December 31, 2021, the statements of operations, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

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 Financial Statements* section of our report. We are independent of the Organization 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.

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 PSAS, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 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 these financial statements.

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 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
May 19, 2022

THE REGIONAL MUNICIPALITY OF NIAGARA

NIAGARA REGIONAL HOUSING STATEMENT OF FINANCIAL POSITION

As at December 31, 2021 (In thousands of dollars)

	2021	2020
FINANCIAL ASSETS		
Cash	\$ 10,245	\$ 12,859
Investments	6,495	6,476
Accounts Receivable	4,640	4,611
Due from Niagara Region	3,295	-
	24,675	23,946
FINANCIAL LIABILITIES		
Due to Niagara Region	-	8,480
Deferred revenue (note 4)	10,823	4,779
Mortgages and debentures (note 5)	41,875	35,375
Employee future benefits (note 6)	-	1,538
	52,698	50,172
Net debt	(28,023)	(26,226)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	164,484	138,350
Prepaid expenses and deposits	161	744
	164,645	139,094
Commitments (note 9)		
Accumulated surplus (note 8)	\$ 136,622	\$ 112,868

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

THE REGIONAL MUNICIPALITY OF NIAGARA

NIAGARA REGIONAL HOUSING STATEMENT OF OPERATIONS

For the year ended December 31, 2021 (In thousands of dollars)

	2021 Budget (note 11)	2021 Actual	2020 Actual
REVENUES			
Rental revenue	\$ 15,944	\$ 15,711	\$ 15,840
Subsidies			
Niagara Region	26,794	26,500	42,814
Federal and Provincial Government	13,674	14,021	15,761
Investment income	89	129	225
Contributed tangible capital assets	10,341	10,341	-
Development Charge revenue	7,899	7,899	5,048
Sundry revenue	1,121	1,184	271
	75,863	75,785	79,959
Gain on restructuring of Service Manager Responsibilities (note 3)	1,435	1,435	-
Transferred to Niagara Region and reserves	(4,301)	(4,817)	(5,183)
	72,996	72,402	74,776
EXPENSES			
Property taxes	5,484	5,408	5,181
Support services – Niagara Region	4,502	4,280	2,862
Amortization expense	9,171	9,171	9,068
Bad debts	261	145	147
Wages, salaries and benefits	2,281	2,349	4,932
Utilities	4,696	4,511	4,493
Materials and services	6,333	6,690	6,088
Interest on debenture and mortgage payments	878	976	926
Debenture payments (note 9)	1,563	1,538	1,695
Affordable housing programs (note 12)	12,338	12,338	29,840
Administration	932	914	983
Supplies and equipment	230	248	232
Government land lease	57	81	27
	48,726	48,649	66,474
Annual surplus	24,270	23,754	8,302
Accumulated surplus, beginning of year	112,868	112,868	104,566
Accumulated surplus, end of year	\$137,138	\$136,622	\$112,868

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

THE REGIONAL MUNICIPALITY OF NIAGARA

NIAGARA REGIONAL HOUSING STATEMENT OF CHANGE IN NET DEBT

For the year ended December 31, 2021 (In thousands of dollars)

	2021 Budget (note 11)	2021 Actual	2020 Actual
Annual surplus	\$ 24,270	\$ 23,754	\$ 8,302
Acquisition of tangible capital assets	(35,306)	(35,306)	(12,836)
Amortization of tangible capital assets	9,171	9,171	9,068
Gain on disposal of tangible capital assets	-	-	(203)
Change in prepaid expenses	-	583	(25)
Change in net debt	(1,864)	(1,797)	4,509
Net debt, beginning of year	(26,226)	(26,226)	(30,735)
Net debt, end of year	\$ (28,090)	\$ (28,023)	\$ (26,226)

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

THE REGIONAL MUNICIPALITY OF NIAGARA

NIAGARA REGIONAL HOUSING STATEMENT OF CHANGES IN CASH FLOWS

For the year ended December 31, 2021 (In thousands of dollars)

	2021	2020
OPERATING ACTIVITIES		
Annual surplus	\$ 23,754	\$ 8,302
Items not involving cash:		
Amortization of tangible capital assets	9,171	9,068
Contribution of capital assets	(10,341)	-
Gain on disposal of tangible capital assets	-	(203)
Gain on restructuring of Service Manager Responsibilities (note 3)	(1,435)	-
Employee future benefit liabilities	(103)	(110)
Change in non-cash assets and liabilities:		
Accounts receivable	(29)	(344)
Deferred revenue	6,044	990
Prepaid expenses	583	(25)
Net change in cash from operating activities	27,645	17,881
CAPITAL ACTIVITY		
Cash used to acquire tangible capital assets	(24,965)	(12,836)
Cash received upon sale of capital assets	-	210
Net change in cash from capital activity	(24,965)	(12,836)
INVESTING ACTIVITY		
Change in investments	(19)	(77)
Net change in cash from investing activity	(19)	(77)
FINANCING ACTIVITIES		
Mortgages and debentures issued	10,956	3,300
Mortgage and debenture repayments	(4,456)	(4,282)
Change in due to Niagara Region	(11,774)	(3,606)
Net change in cash from financing activities	(5,274)	(4,588)
Net change in cash	(2,613)	380
Cash, beginning of year	12,859	12,479
Cash, end of year	\$ 10,245	\$ 12,859
Cash paid for interest	\$ 976	\$ 926

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

THE REGIONAL MUNICIPALITY OF NIAGARA

NIAGARA REGIONAL HOUSING NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

1. Description of operations

Niagara Regional Housing was incorporated on December 17, 2001 under the laws of the Province of Ontario to perform all the duties and powers of an administrator under Section 15 of the Social Housing Reform Act.

On May 30, 2021, Niagara Regional Housing transferred Program Manager responsibilities back to the Regional Municipality of Niagara. Niagara Regional Housing continues to be responsible for duties including but not limited to ownership and management of a real estate portfolio consisting of 2,908 apartments and houses and the power to purchase, construct or make alterations to a housing project.

2. Significant accounting policies:

The financial statements of Niagara Regional Housing (the "Corporation" or "NRH") 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"). Significant accounting policies adopted by the Corporation are as follows:

(a) Accrued basis of accounting:

The Corporation follows the accrual method of accounting for revenues and expenses. Rental revenue is recognized at the time the service is provided. Other revenues are recognized when the services are earned. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services.

(b) 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.

THE REGIONAL MUNICIPALITY OF NIAGARA

NIAGARA REGIONAL HOUSING NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

2. Significant accounting policies (continued):

(b) Non-financial assets (continued):

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which include amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	5 – 50
Building	5 – 40
Equipment	15

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Work in progress assets are not amortized until the asset is available for productive use.

(ii) Interest capitalization:

The Corporation'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.

(iii) Leases:

Leases are classified as operating or capital 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 as expenses as incurred.

(c) Investments:

Investments consist of guaranteed investment certificates and bonds, and are stated at amortized cost.

THE REGIONAL MUNICIPALITY OF NIAGARA

NIAGARA REGIONAL HOUSING NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

2. Significant accounting policies (continued):

(d) Government transfers:

Government transfers are recognized as revenue in the 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.

(e) Use of estimates:

The preparation of financial statements in conformity with PSAS 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 amounts of revenues and expenses during the period. Amounts requiring significant estimates include due to Niagara Region, useful lives of tangible capital assets, and employee future benefits. Actual results could differ from these estimates.

(f) Employee future benefits:

Vacation entitlements and other compensated absences accrue to employees each year based on terms of employment contracts or by policy. Earned entitlements unused at year-end are accrued based on the wage rates for the employee at year-end.

Workplace Safety & Insurance Board (“WSIB”) benefits and sick leave may accrue to employees based on terms of employee. Entitlements are accrued in accordance with the project benefit method, pro-rated on service and management’s best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are generally performed every three years. The discount rate used to determine the accrued benefit obligation was determined by reference to the Niagara Region’s short term and long-term rate of borrowing. Unamortized actuarial gains/losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups. Unamortized actuarial gains/losses for event-triggered liabilities, such as those determined as claims related to WSIB, are recorded when determined.

THE REGIONAL MUNICIPALITY OF NIAGARA

NIAGARA REGIONAL HOUSING NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

2. Significant accounting policies (continued):

(f) Employee future benefits (continued):

Cost related to prior-period employee services arising out of amendments to entitlements are recognized in the period in which the period is amended.

Where applicable, the Niagara Region has set aside Reserves intended to fund these obligations, either in full or in part. These Reserves were created under municipal by-law and do not meet the definition of a plan asset under PSAS 3250 Retirement Benefits. Therefore, for the purpose of these financial statements, the plans are considered unfunded.

The unfunded employee future liabilities were transferred to the Niagara Region on May 30, 2021 as part of the restructuring transaction (note 3).

3. Restructuring Transaction in Relation to Service Manager Responsibilities

On May 30, 2021, NRH, a consolidated entity of the Niagara Region, transferred the Service Manager responsibilities related to the administration of programs and services back to the Niagara Region. The transfer of the programs and services to the Niagara Region was completed in order to continue to provide enhanced service program delivery within the Community Services department.

As a result of the restructuring transaction, the net transfer of assets and liabilities to the Niagara Region resulted in a gain recorded on the Statement of Operations.

A summary of the gain is shown as follows:

Transfers, May 30, 2021:

Accounts receivable	\$	776
Prepaid expenses and deposits		676
Deferred revenue		(4,854)
Employee future benefits		(1,435)
Total transfers, May 30, 2021		(\$ 4,837)
Cash transfers, June 30 to December 31, 2021		3,402
Gain on restructuring of Service Manager Responsibilities		(\$ 1,435)

THE REGIONAL MUNICIPALITY OF NIAGARA

NIAGARA REGIONAL HOUSING NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

4. Deferred revenue:

Deferred revenues, reported on the statement of financial position, are made up of the following:

	2021	2020
Ministry of Municipal Affairs and Housing	\$ -	\$ 4,496
Canada Mortgage and Housing Corporation	10,515	-
Other	308	283
Balance, end of year	\$ 10,823	\$ 4,779

5. Mortgages and debentures:

Amounts consist of mortgages secured by the income producing properties of the Corporation. As at December 31, 2021 the unpaid balances of these mortgages and debentures are as follows:

	2021	2020
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.35% to 3.10% due in 2022	\$ 202	\$ 397
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.40% to 3.75% due in 2023	493	731
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 3.30% due in 2024	819	1,076
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.15% to 2.80% due in 2025	1,239	1,531
Debenture for Niagara Regional Housing capital program bearing interest at 2.25% due in 2025	466	576

THE REGIONAL MUNICIPALITY OF NIAGARA

NIAGARA REGIONAL HOUSING NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

5. Mortgages and debentures (continued):

	2021	2020
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 2.40% due in 2026	2,915	3,467
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 2.45% due in 2027	1,060	1,225
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 2.05% to 3.15% due in 2028	4,920	5,550
Mortgage payable, secured by a rental property, a general assignment for rent and a chattel mortgage, interest at a rate of 2.66%	2,557	-
	\$ 41,875	\$ 35,375

The annual principal payments are as follows:

Year	Amount
2022	\$ 5,416
2023	5,310
2024	6,789
2025	4,674
2026	4,375
Thereafter	15,311
Total principal payments	\$ 41,875

THE REGIONAL MUNICIPALITY OF NIAGARA

NIAGARA REGIONAL HOUSING NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

6. Employee future benefit liability:

Prior to the restructuring transaction date of May 30, 2021 (see note 3), the Corporation provides certain employee benefits which will require funding the 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.

	2021	2020
Future payments required to WSIB	\$ 1,113	\$ 1,113
Retiree benefits	92	92
Vacation pay	214	317
Other liabilities	16	16
Net	\$1,435	1,538
Transferred to Niagara Region as per restructuring transaction (note 3)	(1,435)	-
Employee future benefit liability	\$ -	\$ 1,538

Information about the Corporation’s benefit plans is as follows:

	2021	2020
Accrued benefit obligation:		
Balance, beginning of year	\$ 462	\$ 480
Current benefit (recovery) cost	(10)	(9)
Interest	2	5
Benefits paid	(95)	(14)
Balance, end of year	359	462
Unamortized actuarial gain	1,076	1,076
Net	1,435	1,538
Transferred to Niagara Region as per restructuring transaction (note 3)	(1,435)	-
Employee future benefit liability	\$ -	\$ 1,538

Included in expenses is a \$nil (2020 - \$92) gain for amortization of the actuarial loss/gain.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE NIAGARA REGIONAL HOUSING FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

7. Tangible capital assets:

	2021					
	Land	Land Improvements	Building	Equipment	Work in progress	Total
Cost						
Balance, beginning of year	\$ 36,924	\$ 8,070	\$ 177,650	\$ 4,331	\$ 10,551	\$ 237,526
Additions	5,709	1,782	15,191	49	12,574	35,305
Disposals	-	(127)	(2,490)	(115)	-	(2,732)
Balance, end of year	42,633	9,725	190,351	4,265	23,125	270,099
Accumulated Amortization						
Balance, beginning of year	-	2,449	94,605	2,122	-	99,176
Disposals	-	(128)	(2,489)	(115)	-	(2,732)
Amortization expense	-	436	8,418	317	-	9,171
Balance, end of year	-	2,757	100,534	2,324	-	105,615
Net Book Value, end of year	\$ 42,633	\$ 6,968	\$ 89,817	\$ 1,941	\$ 23,125	\$ 164,484

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE NIAGARA REGIONAL HOUSING FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

7. Tangible capital assets (continued):

	2020					
	Land	Land Improvements	Building	Equipment	Work in progress	Total
Cost						
Balance, beginning of year	\$ 36,924	\$ 7,817	\$ 172,055	\$ 4,101	\$ 3,917	\$ 224,814
Additions	-	253	5,595	354	6,634	12,836
Disposals	-	-	-	(125)	-	(125)
Balance, end of year	\$ 36,924	8,070	177,650	4,330	10,551	237,525
Accumulated Amortization						
Balance, beginning of year	-	2,072	86,233	1,927	-	90,232
Disposals	-	-	-	(125)	-	(125)
Amortization expense	-	377	8,372	319	-	9,068
Balance, end of year	-	2,449	94,605	2,121	-	99,175
Net Book Value, end of year	\$ 36,924	\$ 5,621	\$ 83,045	\$ 2,209	\$ 10,551	\$ 138,350

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE NIAGARA REGIONAL HOUSING FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

7. Tangible capital assets (continued):

(a) Work in progress

Work in progress at December 31, 2021 valued at \$23,125 (2020 - \$10,551) have 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.

(c) Write-downs of tangible capital assets

The corporation had \$nil write-downs (2020 – \$nil) of tangible capital assets during the year.

8. Accumulated Surplus:

Accumulated surplus consists of individual fund surplus as follows:

	2021	2020
Invested in tangible capital assets	\$ 122,609	\$ 102,975
Capital fund – Unexpended capital financing/(unfunded capital outlay)	13,131	10,549
Contributed capital	729	729
Operating fund	153	153
Unfunded employee future benefits	-	(1,538)
Total accumulated surplus	\$ 136,622	\$ 112,868

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE NIAGARA REGIONAL HOUSING FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

9. Commitments:

The Corporation is committed to paying principal and interest payments on provincial debentures issued to finance the properties owned and operated by the Corporation. These debentures amount to \$4,128 (2020 - \$5,488) and payments during the year of \$1,538 (2020 - \$1,695) have been charged to current operations.

10. Pension agreements:

The Corporation 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 pay. The Corporation accounts for its participation in OMERS as a defined contribution plan. The OMERS Plan ended 2021 with a funding deficit of \$3.1 billion (2020 - \$3.2 billion). The funded ratio remained unchanged in at 97% in 2021, and has either stayed the same or increased for the eighth consecutive year.

The amount contributed to OMERS for the period of January 1, 2021 to May 30, 2021 was \$160 (2020 - \$377) for current service and is included as an expenditure on the statement of operations. Employees’ contribution to OMERS over the same period was \$160 (2020 - \$377). On May 30th the responsibility for pension contributions was transferred to the Niagara Region.

Contributions for employees with a normal retirement age of 65 were being made at rate of 9.0% (2020 – 9.0%) for earnings up to the yearly maximum pensionable earnings of \$61.60 (2020 - \$58.70) and at a rate of 14.6% (2020 – 14.6%) for earnings greater than the yearly maximum pensionable earnings.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE NIAGARA REGIONAL HOUSING FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

11. Budget data:

The budget data presented in these financial statements is based upon the 2021 operating and capital budgets approved by NRH Board on October 23, 2020. 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 on actual projects that took place during the year to reflect the same basis of accounting that was used to report the actual results. The chart below reconciles the approved budget to the budget figures reported in these financial statements, in accordance with PSAS.

	Budget Amount
REVENUES	
Operating	
Approved Operating Revenue	\$ 47,235
Capital	28,627
Gain on transfer of employee future benefit liabilities	1,435
Less:	
Surplus transferred from Niagara Region and transferred from reserves	(4,301)
Total revenue	\$ 72,996
EXPENSES	
Operating	
Approved Operating Expenses	47,235
Add:	
Amortization	9,171
Expenditures included in capital fund	348
Less:	
Employee future benefits	(103)
Transfers to reserves	(3,469)
Debt principal payments	(4,456)
Total expenses	48,726
Annual surplus	\$ 24,270

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE NIAGARA REGIONAL HOUSING FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

12. Affordable Housing Programs:

	Budget	2021	2020
Non-profit and co-op provider subsidies	\$ 7,770	\$ 7,770	\$ 19,438
Capital Loan and Grant Program	26	26	200
Canada-Ontario Community Housing Initiative	481	481	193
Ontario Priorities Housing Initiative	267	267	916
Social Infrastructure Fund	224	224	578
Investment in Affordable Housing	-	-	303
Rent Supplement Program	2,852	2,852	6,324
Federal Provider Subsidies	436	436	1,081
Other Subsidies	282	282	807
Total, Rent Supplement Program	\$ 12,338	\$ 12,338	\$ 29,840

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE NIAGARA REGIONAL HOUSING FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

13. Risks:

(a) Credit risk

The Corporation is subject to credit risks from its tenants as a result of counterparty default. This risk is mitigated by prudent monitoring procedures.

(b) Interest rate risk

The Corporation is subject to interest rate fluctuations on its mortgages and long term debt. The Corporation current does not use any hedging strategies to mitigate this interest rate exposure.

(c) Market risk

Market risk arises as a result of trading in fixed income securities and equities. Fluctuations in the market expose the Corporation to a risk of loss. The Corporation mitigates this risk through cash management processes and compliance with the approved investment policy.

14. Comparative figures:

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

THE REGIONAL MUNICIPALITY OF NIAGARA

SCHEDULE OF FINANCIAL ACTIVITIES – OPERATING FUND

For the year ended December 31, 2021 (In thousands of dollars)

This schedule is an operating statement that reflects the results of operations that flow through the Operating Fund and therefore excludes capital activities.

	2021 Budget	2021 Actual	2020 Actual
REVENUES			
Rental revenue	\$ 15,944	\$ 15,711	\$ 15,840
Subsidies			
Niagara Region	24,682	24,285	37,445
Federal and Provincial Government	6,230	6,577	12,785
Investment income	89	129	225
Sundry revenue	290	353	272
	47,235	47,055	66,567
EXPENSES			
Property taxes	5,462	5,386	5,181
Support services – Niagara Region	4,502	4,280	2,862
Bad debts	261	145	147
Wages, salaries and benefits	2,281	2,349	4,932
Utilities	4,690	4,504	4,493
Materials and services	6,473	6,830	6,217
Interest on debenture and mortgage payments	878	976	926
Debenture payments (note 9)	1,563	1,538	1,695
Administration	499	481	630
Supplies and equipment	204	222	238
Affordable housing programs (note 12)	12,338	12,338	29,840
Government land lease	56	80	27
	39,207	39,129	57,188
Annual surplus	8,028	7,926	9,379
FINANCING AND TRANSFERS			
Transfers to reserves	(3,469)	(3,469)	(4,232)
Transfers to/from Niagara Region	-	102	(655)
Transfer to capital	-	-	(100)
Debt principal payments	(4,456)	(4,456)	(4,282)
Employee benefits	(103)	(103)	(110)
	(8,028)	(7,926)	(9,379)
Operating fund balance, end of year	\$ -	\$ -	\$ -

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

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, 2021 and notes to the schedule (collectively referred to as the "schedule").

In our opinion, the accompanying schedule for the year ended December 31, 2021, is prepared, in all material respects, in accordance with the financial reporting provisions in the Niagara Region Courts Intermunicipal Agreement dated April 26, 2000.

Basis for Opinion

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

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management and 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
May 13, 2022

THE REGIONAL MUNICIPALITY OF NIAGARA

COURT SERVICES SCHEDULE OF REVENUES, EXPENDITURES AND FUNDS AVAILABLE FOR DISTRIBUTION

For the year ended December 31, 2021 (In thousands of dollars)

	2021 Budget	2021 Actual	2020 Actual
REVENUES			
Offence receipts	\$ 8,953	\$ 6,124	\$ 5,068
Total revenues	8,953	6,124	5,068
CONTROLLABLE EXPENSES			
Salaries and benefits	2,595	1,830	1,522
Program support costs (note 4)	1,135	1,123	1,179
Collection charges	225	160	193
Legal	128	12	22
Payment processing costs	109	74	70
Ticket data capture	32	-	1
Telephone	9	6	8
Business forms	5	14	3
Equipment rental	2	-	1
Office and administration	85	71	43
	4,324	3,290	3,042
UNCONTROLLABLE EXPENSES			
Payments to other municipalities/provinces	250	71	84
Victim fine surcharge	1,764	944	742
Adjudication	580	270	183
Dedicated fines	20	108	13
Other provincial expenditures	348	149	126
	2,961	1,541	1,148
Total expenses	7,285	4,831	4,190
Excess of revenue over expenditures	1,668	1,293	878
Change in employee benefits and other liabilities	-	28	8
Transfer to Niagara Region (note 2)	(308)	(308)	(200)
Funds available for distribution (note 3)	\$ 1,360	\$ 1,013	\$ 686

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE COURT SERVICES FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

1. Significant accounting policies:

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

Significant accounting policies are as follows:

(a) Revenues:

Revenue is recorded on a cash basis.

(b) Expenditures:

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.

(c) Capital Assets

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

(d) Transfers to reserves:

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

(e) 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

NOTES TO THE COURT SERVICES FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

2. Transfer to Niagara Region:

Court Services transferred \$nil (2020 – \$334) to the Niagara Region for transfer to the Court Services Facility Renewal reserve.

The following represents the transactions through the reserve:

	2021	2020
Reserves held by the Niagara Region, beginning of year	\$ 3,210	\$ 2,876
Transfers during the year to reserve from operating budget	158	200
Return of funds from Court Facilities Renewal project	333	134
Reserves held by Niagara Region, end of year	\$ 3,701	\$ 3,210

3. Distribution to area municipalities:

Court Services revenue distribution by municipality is as follows:

	Budget	2021	2020
Region of Niagara	\$ 680	\$ 506	\$ 343
Niagara Falls	133	99	67
Port Colborne	21	16	11
St. Catharines	168	125	86
Thorold	28	21	14
Welland	55	41	28
Fort Erie	44	32	22
Grimsby	54	40	27
Lincoln	45	34	22
Niagara-on-the-Lake	62	46	31
Pelham	32	24	16
Wainfleet	13	9	6
West Lincoln	26	19	13
Total distribution to area municipalities	\$ 1,360	\$ 1,013	\$ 686

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE COURT SERVICES FINANCIAL STATEMENTS

For the year ended December 31, 2021 (In thousands of dollars)

3. Distribution to area municipalities (continued):

The Niagara Region transferred the budgeted net revenue distribution for the first, second and third quarters of the year (\$510) to the local area municipalities, in accordance with the Niagara Region Court Intermunicipal Agreement dated April 26, 2000. This is in excess of the amount to be distributed based on year-end results, and the excess will be recovered in the first quarter of 2022.

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/service based on usage drivers.

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

Program support costs which have been allocated are:

	Budget	2021	2020
Finance service	\$ 139	\$ 117	\$ 122
Human resources services	47	42	114
Information technology services	84	92	89
Legal services	46	51	44
Insurance costs	1	1	1
Printing costs	-	17	3
Mailing costs	7	7	6
Communication costs	-	4	-
Facilities costs	811	793	800
Total program support costs	\$ 1,135	\$ 1,123	\$ 1,179

SECTION 3

STATISTICAL

Footbridge between Port Dalhousie
and Jaycee Park

Prepared by Corporate Services
Department and the office of the
Chief Administration Officer

THE REGIONAL MUNICIPALITY OF NIAGARA

FIVE YEAR STATISTICAL REVIEW

December 31, 2021, with comparative information for 2020-2017 (unaudited - in thousands of dollars)

	2021	2020	2019	2018	2017
CONSOLIDATED FINANCIAL POSITION					
FINANCIAL ASSETS					
Cash	\$ 169,862	\$ 224,114	\$ 135,681	\$ 106,902	\$ 143,765
Investments	787,658	658,015	635,596	585,420	480,130
Accounts receivable	104,799	78,204	80,140	80,713	78,582
Other current assets	1,109	948	417	329	212
Tangible capital assets held for sale	400	850	1,760	756	3,515
Debt recoverable from others	345,859	324,254	316,419	305,684	285,412
Total financial assets	1,409,687	1,286,385	1,170,013	1,079,804	991,616
FINANCIAL LIABILITIES					
Accounts payable and accrued liabilities	172,733	157,970	126,782	114,195	122,221
Employee future benefits and post-employment liabilities	124,330	116,148	109,462	104,421	101,403
Deferred revenue	289,795	235,356	219,750	178,320	142,222
Landfill closure and post-closure liability	78,250	67,872	61,277	61,397	79,191
Contaminated sites liability	576	576	-	-	-
Long-term liabilities	762,474	740,201	695,904	662,658	631,922
Capital lease obligation	4,204	4,262	4,352	-	-
Total financial liabilities	1,432,362	1,322,385	1,220,527	1,120,991	1,076,959
Net debt	(22,675)	(36,000)	(50,514)	(41,187)	(85,343)
NON-FINANCIAL ASSETS					
Tangible capital assets	2,053,549	1,903,743	1,823,929	1,755,117	1,731,150
Inventory	9,298	8,485	7,498	7,360	7,319
Prepaid expenses	19,329	19,522	18,609	20,836	17,171
Total non-financial assets	2,082,176	1,931,750	1,850,036	1,783,313	1,755,640
Accumulated surplus	\$ 2,059,501	\$ 1,895,750	\$ 1,799,522	\$ 1,742,126	\$ 1,670,298

THE REGIONAL MUNICIPALITY OF NIAGARA

FIVE YEAR STATISTICAL REVIEW

December 31, 2021, with comparative information for 2020-2017 (unaudited - in thousands of dollars)

	2021	2020	2019	2018	2017
NET LONG-TERM LIABILITIES					
Total long-term liabilities	\$ 783,184	\$ 758,658	\$ 712,170	\$ 676,851	\$ 644,083
Sinking fund assets	(20,710)	(18,457)	(16,266)	(14,193)	(12,161)
Debt recoverable from others	(345,859)	(324,254)	(316,419)	(305,684)	(285,412)
Net Long-Term Liabilities	\$416,615	\$415,947	\$379,485	\$356,974	\$346,510
Recovered from:					
Tax levy	322,552	333,159	310,779	288,274	276,035
Rate-supported	94,040	82,788	68,706	68,700	70,475
	416,592	415,947	379,485	356,974	346,510
Net long-term liabilities per capita	\$ 859	\$ 863	\$ 792	\$ 756	\$ 755
ANNUAL REPAYMENT LIMIT					
25% of own source revenues	\$ 172,188	\$ 163,861	\$ 158,216	\$ 153,945	\$ 150,437
Debt payments (interest and principal)	\$46,666	\$46,351	\$49,310	\$41,306	\$42,564
Debt payments as a percentage of own source revenue	6.8%	6.9%	7.8%	6.7%	7.1%
Annual repayment limit (\$)	\$ 125,522	\$ 117,510	\$ 108,906	\$ 112,639	\$ 107,873
Debt payments per capita	\$ 94	\$ 94	\$ 98	\$ 85	\$ 93
Debt payments as a percentage of total expenses	4.4%	4.6%	5.0%	4.4%	4.8%

THE REGIONAL MUNICIPALITY OF NIAGARA

FIVE YEAR STATISTICAL REVIEW

December 31, 2021, with comparative information for 2020-2017 (unaudited - in thousands of dollars)

	2021	2020	2019	2018	2017
CONSOLIDATED OPERATIONS					
REVENUES BY SOURCE					
Property taxpayer	\$ 423,319	\$ 409,551	\$ 383,481	\$ 363,304	\$ 350,157
Sewer charges	80,333	78,648	74,382	69,390	68,079
Water charges	44,711	44,913	43,245	43,883	42,150
Waste management	59,533	49,925	45,717	48,181	53,113
User charges	52,094	52,582	60,379	55,187	53,877
Government of Canada grants	30,586	31,841	26,690	24,986	25,915
Province of Ontario grants	359,896	354,193	320,813	322,020	294,769
Other municipalities	11,070	640	861	608	1,967
Development charges	28,771	33,428	19,814	13,387	11,761
Investment income	15,787	15,343	18,176	16,613	15,993
Court services	6,121	5,068	7,025	7,336	6,812
Gain on transfer of tangible capital assets	46,994	-	-	-	-
Miscellaneous income/other	30,705	9,136	8,710	14,234	9,952
Total revenue by source	1,189,920	1,085,268	1,009,293	979,129	934,545
EXPENSE BY FUNCTION					
General Government	54,972	52,542	43,503	43,507	42,100
Protection to persons and property	211,781	196,100	192,662	189,911	185,360
Transportation services	75,045	87,555	72,933	66,063	63,688
Environmental services	166,576	154,424	150,408	123,780	143,508
Health services	135,532	114,626	107,966	98,499	92,751
Social and family services	299,911	308,768	302,631	297,976	279,678
Social housing	66,112	64,707	63,964	64,095	67,130
Planning and development	16,240	10,318	17,830	23,470	12,667
Total expenses by function	1,026,169	989,040	951,897	907,304	886,882
Annual Surplus	163,751	96,228	57,396	71,828	47,663
Accumulated surplus, beginning of year	1,895,750	1,799,522	1,742,126	1,670,298	1,622,635
Accumulated surplus, end of year	\$2,059,501	\$1,895,750	\$1,799,522	\$1,742,126	\$1,670,298
ANALYSIS OF EXPENSES BY OBJECT					
Salaries, wages and employee benefits	\$ 484,621	\$ 444,021	\$ 422,502	\$ 404,050	\$ 388,360
Operating expenses	293,445	270,961	257,942	243,856	241,619
External transfers to others	140,916	168,153	171,008	163,879	158,209
Debt services	14,270	13,574	13,256	13,215	12,750
Amortization	92,917	92,331	87,189	82,301	85,944
Total expenses by object	\$1,026,169	\$ 989,040	\$ 951,897	\$ 907,301	\$ 886,882

THE REGIONAL MUNICIPALITY OF NIAGARA

FIVE YEAR STATISTICAL REVIEW

December 31, 2021, with comparative information for 2020-2017 (unaudited - in thousands of dollars)

	2021	2020	2019	2018	2017
CONSOLIDATED CHANGE IN NET DEBT					
Annual surplus	\$ 163,751	\$ 96,228	\$ 57,396	\$ 71,828	\$ 47,663
Acquisition of tangible capital assets	(185,994)	(172,451)	(158,046)	(104,039)	(116,972)
Contributed tangible capital asset	(11,547)	(951)	(142)	(3,615)	(428)
Transfer to (from) tangible capital assets held for sale	(450)	(910)	1004	(2,759)	(6,791)
Gain on transfer of assets	(46,994)	-	-	-	-
Amortization of tangible capital assets	92,917	92,331	87,189	82,301	85,944
Loss on sale of tangible capital assets	1,013	1,973	197	1,295	2,042
Proceeds on sale of tangible capital assets	1,250	194	568	2,850	5,127
Write down on tangible capital assets held for sale	(137)	-	418	-	-
Change in inventory	(813)	(987)	(138)	(41)	(415)
Change in prepaid expenses	192	(913)	2,227	(3,664)	(1,669)
Change in net debt	13,325	14,514	(9,327)	44,156	14,501
Net debt, beginning of year	(36,000)	(50,514)	(41,187)	(85,343)	(99,844)
Net debt, end of year	\$ (22,675)	\$ (36,000)	\$ (50,514)	\$ (41,187)	\$ (85,343)

RESERVES

Capital	\$ 138,527	\$ 143,821	\$ 169,677	\$ 187,967	\$ 184,654
Stabilization	96,643	84,030	51,974	60,334	55,956
Future Liability	46,600	47,617	43,415	43,648	42,587
Specified Contribution	9,233	7,983	1,419	1,419	2,658
Total	\$ 291,002	\$ 283,451	\$ 266,485	\$ 293,368	\$ 285,855

REVENUE ANALYSIS

Property taxes and user charges as a percentage of consolidated revenue	55.5%	58.6%	60.2%	59.2%	60.7%
Total grants as a percentage of consolidated revenue	33.8%	35.6%	34.5%	35.5%	34.5%

THE REGIONAL MUNICIPALITY OF NIAGARA

FIVE YEAR STATISTICAL REVIEW

December 31, 2021, with comparative information for 2020-2017 (unaudited - in thousands of dollars)

	2021	2020	2019	2018	2017
TAX LEVY					
Regional tax levy	\$405,301	\$392,570	\$365,726	\$346,748	\$335,024
Regional government tax levy change (Net tax increase/decrease after assessment growth)	1.80%	5.92%	3.82%	2.00%	2.00%
TAXABLE ASSESSMENT					
Residential and farm	\$54,347,323	\$53,383,248	\$50,585,629	\$47,727,464	\$45,058,956
Commercial, industrial and business	8,413,471	8,407,236	8,071,174	7,654,672	7,238,493
Total	\$62,760,794	\$61,790,484	\$58,656,802	\$55,382,136	\$52,297,449
Per household	\$ 263,731	\$ 261,947	\$ 250,676	\$ 237,376	\$ 226,648
Commercial, industrial, business, as a % of taxable assessment	13.4%	13.6%	13.8%	13.8%	13.8%
Typical residents' annual regional property taxes (Average assessment for the Region)	\$1,640	\$1,602	\$1,517	\$1,461	\$1,427

TOP FIVE REGIONAL COMMERCIAL TAXPAYERS

- OPB Realty (Pen Centre) Inc.
- The Outlet Collection (Niagara) Limited
- Steadfast Hospitality Inc.
- Niagara Water Park Properties Ltd
- 2100422 Ontario Limited

TOP FIVE REGIONAL INDUSTRIAL TAXPAYERS

- SLB Rapids S A R L
- General Motors of Canada Company
- Jungbunzlauer Canada Inc.
- 2433814 Ontario Inc.
- Cytec Canada Inc.

NIAGARA REGION TOP EMPLOYERS (TOTAL # OF EMPLOYEES)

- District School Board of Niagara
- Brock University
- Niagara Health System
- Niagara Region
- Niagara College

THE REGIONAL MUNICIPALITY OF NIAGARA

FIVE YEAR STATISTICAL REVIEW

December 31, 2021, with comparative information for 2020-2017 (unaudited - in thousands of dollars)

	2021	2020	2019	2018	2017
STATISTICS					
Population (a)	484,840	481,727	479,183	472,448	458,986
Number of households (b)	206,071	203,794	201,797	201,063	198,806
Average household income (c)	\$ 93,357	\$ 91,842	\$ 90,361	\$ 87,322	\$ 85,618
Niagara Region government full-time employees	4,292	4,009	3,821	3,741	3,547
Unemployment rates (a):					
Niagara Region	9.8%	9.6%	5.8%	6.6%	6.7%
Ontario	8.0%	9.6%	5.6%	5.6%	6.1%
Canada	7.5%	9.5%	5.7%	5.8%	6.4%
Average monthly Ontario Works caseloads	8,312	9,754	10,084	10,080	10,418
Housing starts (d)	2,698	2,897	3,077	2,332	2,440
Annual disposal residential solid waste (metric tonnes)	85,391	91,186	88,126	87,350	87,048
Annual diversion of residential solid waste (metric tonnes)	126,535	119,050	110,715	111,135	113,720
Annual supply of treated water (000 m3)	54,065	55,517	55,458	58,491	56,986
Annual wastewater flows (000 m3)	67,111	69,213	79,271	76,140	76,715
BUILDING PERMIT VALUES					
Residential & agricultural (a)	\$ 1,180,978	\$ 948,139	\$ 919,644	\$ 763,804	\$ 714,596
Business & commercial (a)	132,401	272,229	289,118	167,511	145,011
Industrial (a)	104,997	68,917	47,560	111,274	134,973
Government & institutional (a)	296,109	88,027	69,669	22,743	63,024
	\$ 1,714,485	\$ 1,377,312	\$ 1,325,991	\$ 1,065,332	\$ 1,057,604

Note:

- 2021 residential solid waste values above are preliminary values based on initial submission for RPRA Blue Box Program Datacall – data verification and publication has not been completed by RPRA.

Source:

- (a) Statistics Canada
- (b) Municipal Property Assessment Corporation
- (c) BMA Management Study weighted by local household count
- (d) CMHC Canadian Housing Observer



Niagara  Region

2021 ANNUAL FINANCIAL REPORT

1815 Sir Isaac Brock Way Thorold, ON L2V 4T7