

2023

Annual Financial Report

For the year ended Dec. 31, 2023

Niagara Region | Ontario Canada

niagararegion.ca

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Introduction



**Niagara Region Operates
Eight Long-Term Care
Homes**

**Our homes feel like homes should - warm,
welcoming, safe and comfortable. When you
move into our home, it becomes your home.**





Merritt Island. Photo by: Nico San Pedro, Welland

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 2023-2026.

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

2022-2026 Regional Council

Niagara Region is one of six regional governments in Ontario. As an upper-tier municipality, 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.



Haley Bateman
St. Catharines



Frank Campion
Welland



Pat Chiochio
Welland



Kim Craitor
Niagara Falls



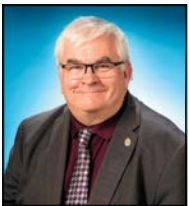
Fred Davies
Port Colborne



Jim Diodati
Niagara Falls



Sandra Easton
Lincoln



Robert Foster
Lincoln



Bob Gale
Niagara Falls



Cheryl Ganann
West Lincoln



Brian Grant
Wainfleet



Brian Heit
St. Catharines



Diana Huson
Pelham



Tom Insinna
Fort Erie



Laura Ip
St. Catharines



Jeff Jordan
Grimsby



Marvin Junkin
Pelham



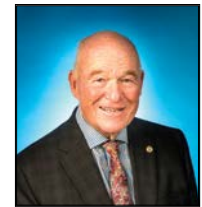
Andrea Kaiser
Niagara-on-the-Lake



Joyce Morocco
Niagara Falls



Wayne Redekop
Fort Erie



Tim Rigby
St. Catharines



Michelle Seaborn
Grimsby



Peter Secord
St. Catharines



Mat Siscoe
St. Catharines



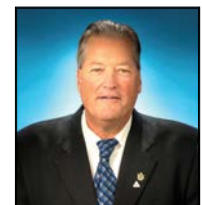
Sal Sorrento
St. Catharines



Bill Steele
Port Colborne



Tim Whalen
Thorold



Albert Witteveen
West Lincoln



Terry Ugulini
Thorold



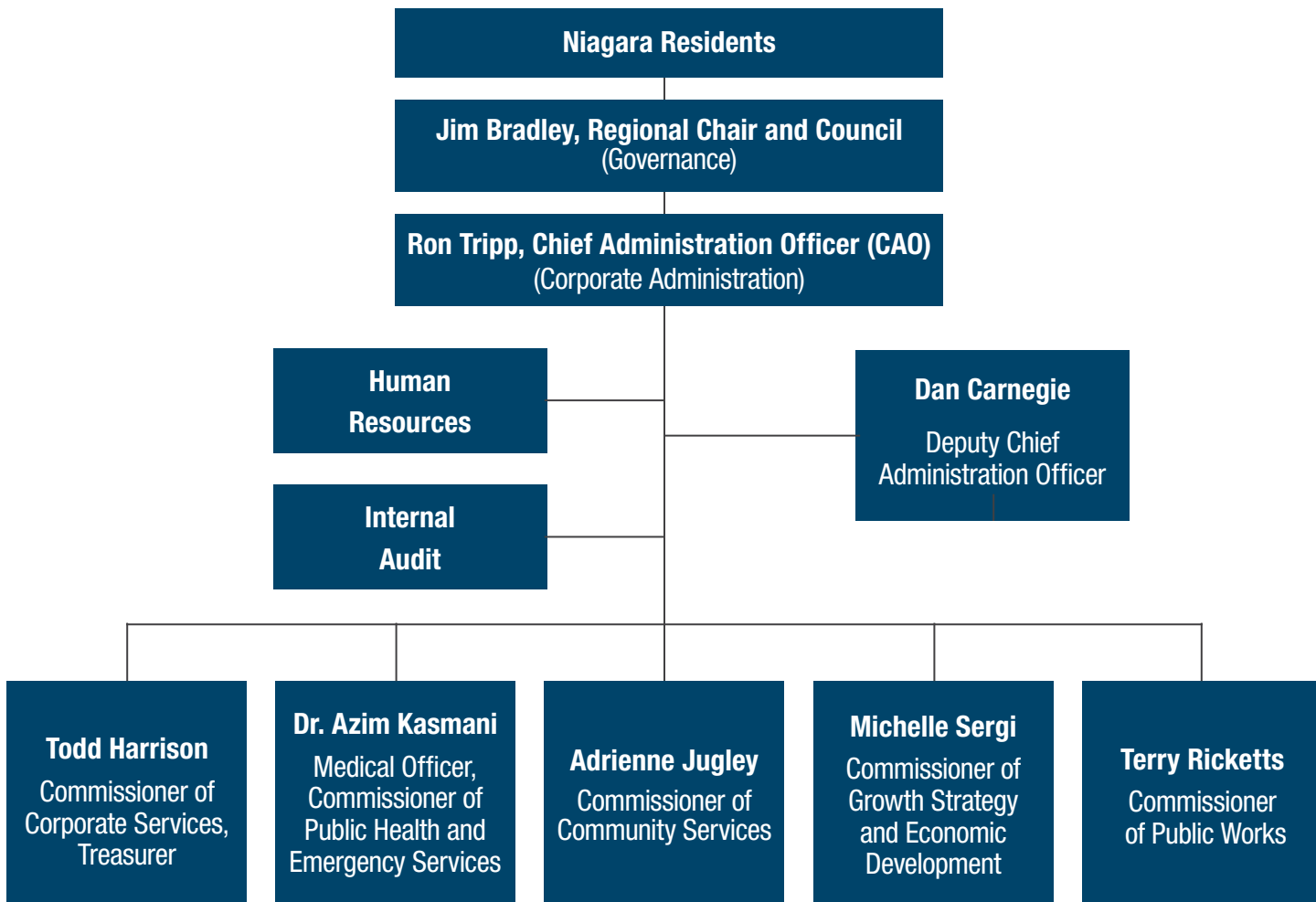
Leanna Villella
Welland



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: John Metcalfe
Vice-Chair: Stewart Beattie
- **Niagara Regional Housing**
Chair: Mat Siscoe
Vice-Chair: Wayne Redekop
- **Niagara Transit Commission**
Chair: Mark Tardif
Vice-Chair: Jason Simpson
- **Police Services Board**
Chair: Jen Lawson
Vice-Chair: Nyarayi Kapisavanhu
- **Provincial Offences Joint Board**
Chair: Mark Tardif
Vice-Chair: Jason Simpson

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

The following 2023 Annual Financial Report highlights the important work that Niagara Region staff and elected officials have done during the past year to ensure that our residents can live comfortably throughout the region and receive the needed services they rely on.

The last number of years have been challenging. From an active pandemic to pandemic recovery, and also rising inflation, homelessness and a housing crisis, the impacts of which have affected all of us as individual residents and as a Regional government. Niagara Regional Council has done its best to combat these issues to ensure Niagara continues as a great place to live and for the private sector to invest.

Despite these challenges, we are experiencing an industrial renaissance throughout the region with significant investments to the tune of \$225 million. I look forward to seeing Niagara grow in the coming years, and I am excited about the possibilities that lie ahead.

While recent Regional budgets have not been without their difficulties, it is important to remember that 95 per cent of our spending is invested in services that are deemed essential or mandatory. A mixture of factors, such as global inflation, historically underfunded infrastructure and the downloading of costs onto the Region from other levels of government add to the complexity of our Regional budget. Recently, Ontario's Bill 23 - More Homes Built Faster Act has made fundamental changes to the land use planning system in Ontario, forcing us to adapt to the financial impacts of the provincial policy, which requires municipalities to provide development charge discounts.

Thanks to our sound financial management practices, for a second straight year Standard and Poor's Global Ratings reaffirmed Niagara Region's credit rating as AA+. This third-party validation is a testament to our commitment to diligent and responsible business practices as we deliver service excellence to the people of Niagara.

Niagara Regional Council is determined to set the region on a course for future success. As always, we will engage and collaborate with residents, businesses and community partners to continue to create vibrant and healthy communities in Niagara and make the region a place where all residents businesses can prosper.

A handwritten signature in black ink that reads "Jim Bradley". The signature is stylized and includes a large initial "J".

Jim Bradley, Chair
Niagara Region



Where are we?

Niagara offers our residents a mix of urban and rural living amidst the lush Southern Ontario greenbelt. Residents and visitors to the region 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, including the amalgamation of transit systems across Niagara to better serve the region's residents and through significant investment into GO transit to connect our communities to the Greater Toronto and Hamilton Area.

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.



In January 2023, local transit systems were integrated into one comprehensive regional transit system serving all of Niagara.



Where are we going?

Regional Council proudly released its new Strategic Plan in 2023 and Niagara Region is excited for what is in store in years ahead.

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 completion of Niagara Regional Housing's newest development project at 60 York St. in 2023 added much-needed public housing units in Welland. The site scored extremely high for walkability to all major amenities, such as public transit, schools, parks, grocery stores and shopping districts, making this an ideal location for development.



Niagara Region Economic Development hosted a delegation of 16 consul generals from the European Union to celebrate European Union Day. The event was attended by various dignitaries and partners from Niagara's business community, highlighting the strong ties between the European Union and Niagara.

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. 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 and new long-term care home enhancements on their way, there is so much to be excited about with where we are going.



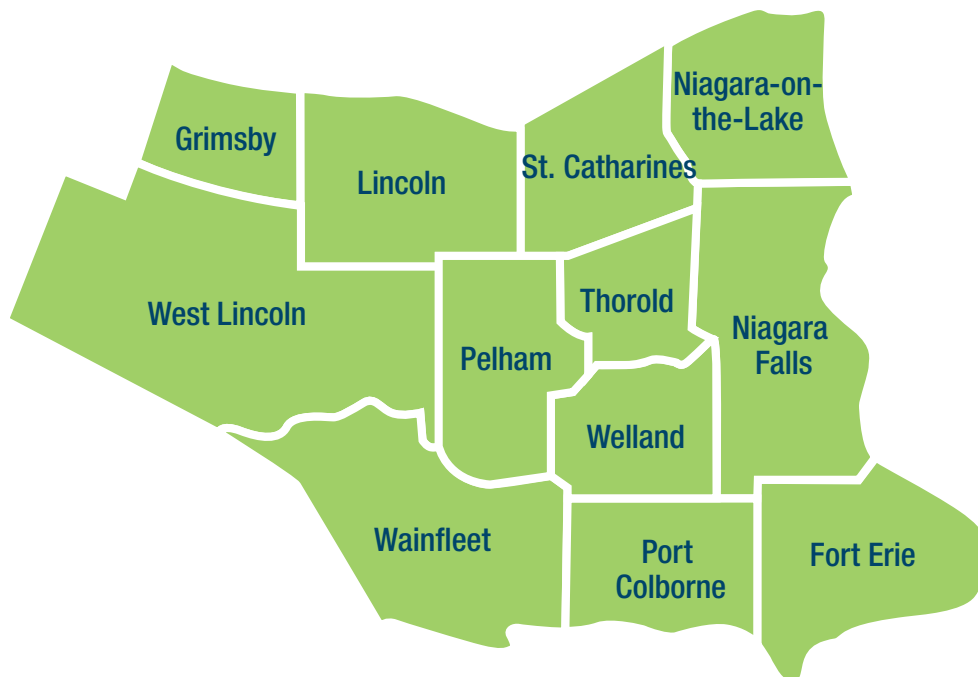
Two-Tier Government System

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 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 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, to the staff that support our child care 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 approximately **525,000**



After taxes, the median family income would be approximately **\$93,000**



Median age is **46 years**



Departmental Snapshot



154 Million Litres
per day of safe and reliable
drinking water is supplied
212 Million Litres
per day of sewage is treated



71,621
911 calls responded
to in 2023



Operates Eight Long-Term
Care Homes with

957 Beds



4,500 senior residents
served with range of
community programs
each year



18,000 People
provided with financial
assistance and support
through Ontario Works



1,738 lane km
of Regional Roads



715 km Bike lanes/
multi-use paths



130 Bridges



95 Major culverts



13,621
Inspections
completed by Public Health
inspectors in 2023



40,753
Provincial Offences
Act charges in 2023



\$145 Million
awarded contract value in
160 formal procurements
in 2023



+8,500
community housing units
to local residents in need



Provided a range of
programs to help increase
the number of affordable
housing units



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 the next election in 2026.



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 assists some of the most vulnerable people in our community, from infancy to senior years. Our services are broken down into five divisions: Children's Services, Homelessness Services and Community Engagement, Housing Services, Seniors Services and Social Assistance and Employment Opportunities.



Corporate Administration

The Office of the Chief Administrative Officer, along with the Office of the Deputy Chief Administrative Officer, holds responsibility 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. The Office of the Chief Administrative Officer directly oversees Human Resources and the Manager of Internal Audit in addition to six departments at Niagara Region. The Office of the Deputy Chief Administrative Officer oversees the Office of the Regional Clerk and the Strategic Communications and Public Affairs division.



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 Services are: Business Licensing and Enforcement; Construction, Energy and Facilities Management; Financial Management and Planning; Information Technology; Legal and Court Services; and Procurement and Strategic Acquisitions.





Growth Strategy and Economic Development

The Provincial Growth Plan requires that Niagara Region plans to accommodate 647,000 people and 272,000 jobs by 2051. Growth Strategy and Economic Development makes recommendations, guides and regulates community development. The department is broken down into the following divisions: Corporate Strategy and Community Sustainability; Diversity, Equity, Inclusion and Indigenous Relations; Economic Development; Growth Management and Planning; Infrastructure Planning/Development Engineering; and Strategic Transformation Office.



Public Health and Emergency Services

Public Health and Emergency Services is 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. 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. From turning on a tap or flushing a toilet to driving on a Regional road or disposing of garbage, Public Works plays an integral role in our everyday lives. Public Works is composed of: Transportation Services, Waste Management Services, and Water and Wastewater Services.



Agencies, Boards and Commissions



Niagara Regional Housing

Niagara Regional Housing (NRH) provides and supports low-income housing in Niagara through new development and public housing. The NRH Board includes five Niagara Regional Councillors and four community members.



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 a year. Niagara Region Police Service aims to provide quality policing services with integrity.

Photo: Michelle VanderGugten



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, part of the City of Hamilton and Haldimand County. The driving force behind the Conservation Authority 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 local area municipalities. Region staff are responsible for setting trials, prosecuting certain Provincial offences, and receiving fine payments resulting from charges laid by the various police forces and enforcement agencies operating within the region.



Niagara Transit Commission

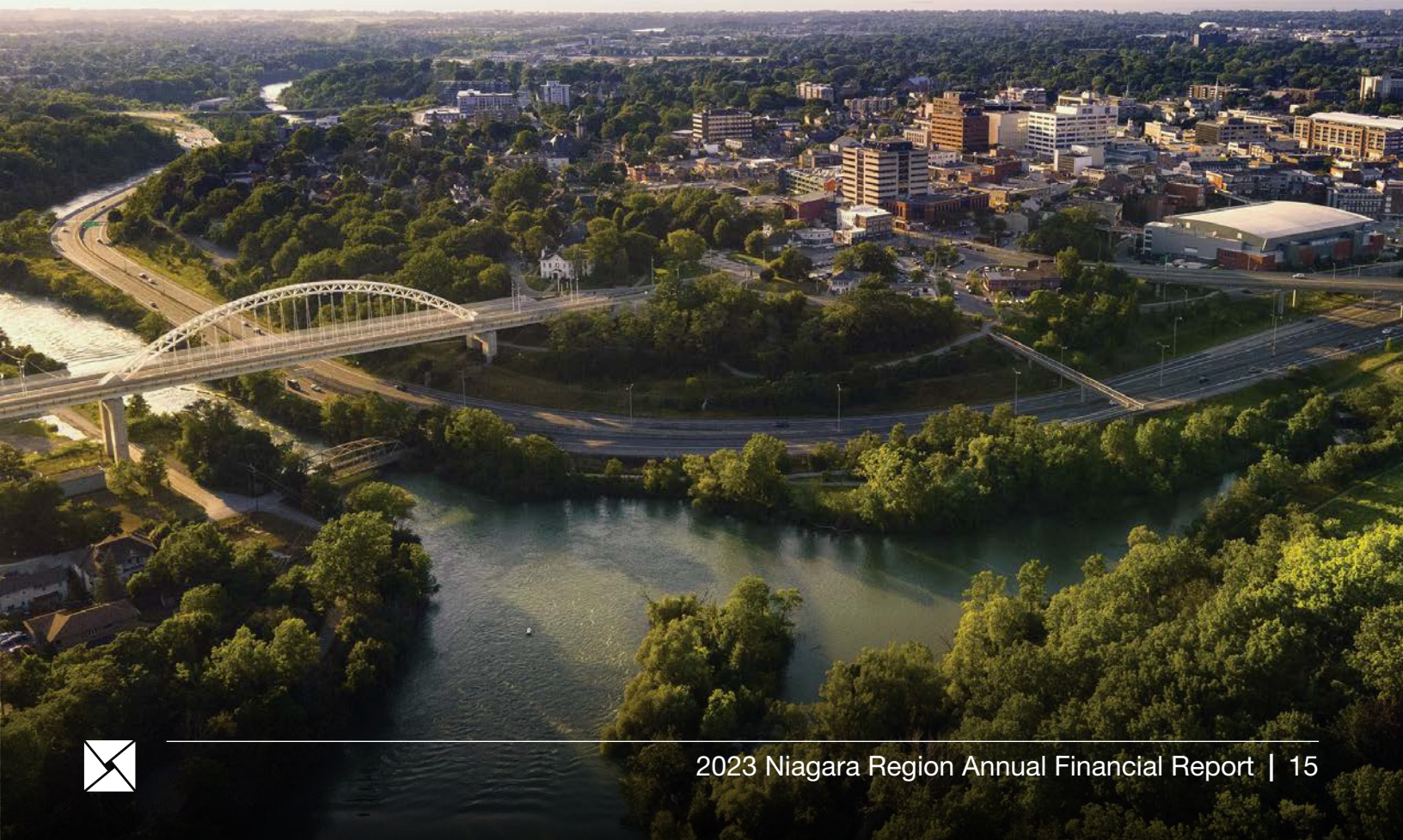
In January 2023, local transit systems were integrated into a unified organization responsible for public transit services across the entire Niagara region. The Niagara Transit Commission is responsible for the operation, management and maintenance of Niagara's comprehensive regional transit system.



2023-2026

Growing Better Together: Council Strategic Priorities

Aerial view of downtown
St. Catharines.
Photo by: Bill Augerman,
St. Catharines



Effective Region

Remain an employer of choice by transforming service delivery in a way that is innovative, collaborative and fiscally responsible.

Objectives

- Implement continuous improvement and modernized processes to ensure value-for-money with Regional services and programs
- Explore and implement opportunities to improve service delivery through shared services
- Deliver fiscally responsible and sustainable services
- Invest and support a skilled and aligned workforce at Niagara Region



Niagara Region's People Plan document



Highlights



Shared Services Strategy

- The work on shared services addresses four underlying principles established by Niagara area Chief Administration Officers:
 - Serving the public good
 - Increasing efficiency and effectiveness
 - Improving customer services
 - Coordinating the use of resourcing and staffing
- In October 2023, Report PDS 30-2023 provided an update on the first phase of activities for shared services, including a building services review, identified opportunities for procurement process, policy governance review and expanding on joint procurement. In partnership with Niagara area Chief Administration Officers, work has commenced on the building services review and joint procurement initiatives by outlining work plans, developed in collaboration with subject matter experts.



Human Resources Plan

- The launch of the People Plan aims to support employee's health and well-being while also providing opportunities and resources needed for growth. Activities focused on cultivating top talent and reducing employee turnover have commenced.
- These activities include recognizing staff who advance diversity, equity and inclusion principles within their work and encouraging employees and leaders to advance their skills. A corporate learning calendar was promoted and made available to staff and leadership exploration pathways for non-leaders was implemented for staff to understand potential career options.



Green and Resilient Region

Reduce our collective carbon footprint and prepare to adapt to climate change impacts by ensuring current and future infrastructure is resilient.

Objectives

- Deliver operations and services that align with our greenhouse gas emission target and climate change goals
- Partner with the local municipalities and community organizations to advance climate change action in Niagara
- Build resiliency into our Regional infrastructure to support growth and prepare for the impacts of climate change



Niagara Region Chair Jim Bradley speaking at the Niagara Region Climate Change Summit



Highlights



Corporate Climate Change Action Plan

- The development of the Corporate Climate Change Action Plan is underway due to the successful selection of an external consultant. An internal, cross-division corporate action plan sub-committee has been created.
- The Corporate Climate Change Action Plan will provide the Region with short- and long-term strategies to align with meeting the corporate greenhouse gas emission reduction target of net-zero greenhouse gas emissions by 2050. This includes actions for energy reduction at corporate facilities, wastewater treatment plants, fleet vehicles and street lighting, as well as policies and initiatives throughout our operations and service delivery.



Energy Conservation and Demand Management Plan

- The 2019-2023 Energy Conservation and Demand Management Plan has been completed. Work is underway to create a new Plan for 2024-2028.
- Achievements for the 2019-2023 plan include:
 - Establishing the Niagara Region Energy Working Group
 - Quarterly meetings with client groups to find energy reduction opportunities
 - Embedding energy reduction goals and guidelines into Service Level Agreements with Region Departments
 - Establishing a Leadership in Energy and Environmental Design (LEED) Silver minimum standard for new facility construction
- The new Plan will be developed in parallel with the Corporate Climate Change Action Plan. It will help to define the goals for corporate energy and greenhouse gas reduction over the next five years.



Equitable Region

Provide opportunities for a safe and inclusive Niagara by listening and responding to our community needs and planning for future growth.

Objectives

- Ensure the Region is inclusive, welcoming and free of discrimination
- Improve access to affordable and attainable housing
- Support growth and development post Bill 23



Ceremony and flag raising for Orange Shirt Day/National Day for Truth and Reconciliation



Highlights



Diversity, Equity and Inclusion Action Plan

- The Diversity, Equity and Inclusion Action Plan reaches all Niagara Region staff and community members. It aims to build welcoming and inclusive communities and workplaces, while eliminating barriers.
- A new employee recognition category celebrated staff who advanced diversity, equity, and inclusion work in the organization or community. A diversity, equity, and inclusion community of practice was established in Niagara with over 100 members.
- The Diversity, Equity and Inclusion team developed a learning curriculum for staff, Councillors and volunteers. The development of a Diversity, Equity and Inclusion Handbook is underway. This resource will help staff incorporate diversity, equity and inclusion into their daily work. It will provide advice in areas such as communication, leadership and community engagement.



Community Safety and Well-Being Plan

- The Community Safety and Well-Being Plan is working to improve responses to 911 calls involving mental health/addictions. With project kick off at the end of 2021, Community Safety and Well-Being Plan spent 2023 collecting and analyzing data, reviewing identified pain points, and engaging in jurisdictional scans and a literature review to develop recommendations to improve 911 responses.
- In collaboration with community agencies, the Community Safety and Well-Being Plan team devised a region-wide plan to expand the Situation Table model across all of the region. Table meetings meet regularly to identify community members who are at risk for crime or victimization and provide support before a crisis event occurs. The planning and implementation of the expansion plan includes 40 participating agencies across 12 sectors in a collective effort to use community resources more effectively.
- Community Safety and Well-Being Plan drafted the Gun and Gang Prevention Strategy through the Building Safer Communities Fund. In September 2023, a call for grant applications was launched to mobilize the strategy and action the areas of focus identified by the community. This resulted in nine agencies being supported in providing youth crime prevention and intervention programming throughout the region.



Prosperous Region

Advocate with senior governments for future growth. Improve Niagara's transportation network to help new and existing businesses thrive and grow locally, nationally and internationally.

Objectives

- Attract and retain businesses; create jobs and support a skilled workforce in Niagara
- Build “Niagara” as a global brand and invest in the growth of its emerging sectors
- Invest and enhance access to transit, active transportation and other transportation systems in the region
- Be an effective and unified voice to advocate with senior governments on behalf of Niagara



Regional Councillors and Niagara Region staff attending Niagara Week 2023 at Queens Park



Highlights



Economic Development Strategy

- The Economic Development Strategy outlines the goals and actions that will guide the Niagara Economic Development team to build a strong and sustainable economy for Niagara residents
- A customer relationship management system has been procured and implemented for Niagara Economic Development. By leveraging the Microsoft Dynamics platform staff can document customer interactions, track progress on open files, respond efficiently, prioritize opportunities, and ensure succession. Niagara Economic Development in partnership with the Workforce Collective, post-secondary institutions, Niagara Industrial Association, and local employment agencies created the 'Workforce Coalition.' This coalition has developed a pilot project to identify and recruit the necessary skills and attract the required labour force in core and emerging sectors.



Government Relations Strategy

- Throughout 2023, considerable efforts were made to be proactive in Niagara's government relations approach to ensure Regional priorities were showcased to upper levels of government
- In addition to participating in annual advocacy initiatives, the Region continued to establish positive relationships with local partners and other levels of government, launched unique "Growing Better Together" branding for the Region's core priorities and was proactive in hosting Niagara-specific advocacy events. These efforts helped bolster the Region's reputation as a municipal leader while demonstrating how Niagara is working to advance areas of mutual interest with the provincial and federal governments.
- To build off 2023 successes, pre-budget submissions were completed during provincial and federal consultations to reaffirm advocacy priorities in the first quarter of 2024



Awards and Achievements



Exemplary Standing with Accreditation Canada

All eight of our long-term care homes have been Accredited with Exemplary Standing under the Qmentum accreditation program with Accreditation Canada.



AA+ Credit Rating

Standard and Poor's Global Ratings reaffirmed Niagara Region's credit rating of AA+.



Government Finance Officers Association of the United States and Canada (GFOA) Awards

Niagara received the Distinguished Budget Presentation Award for its 2023 Budget.



Government Finance Officers Association (GFOA) Canadian Award for Financial Reporting

In 2023, Niagara Region was recognized for excellence in governmental accounting and financial reporting.



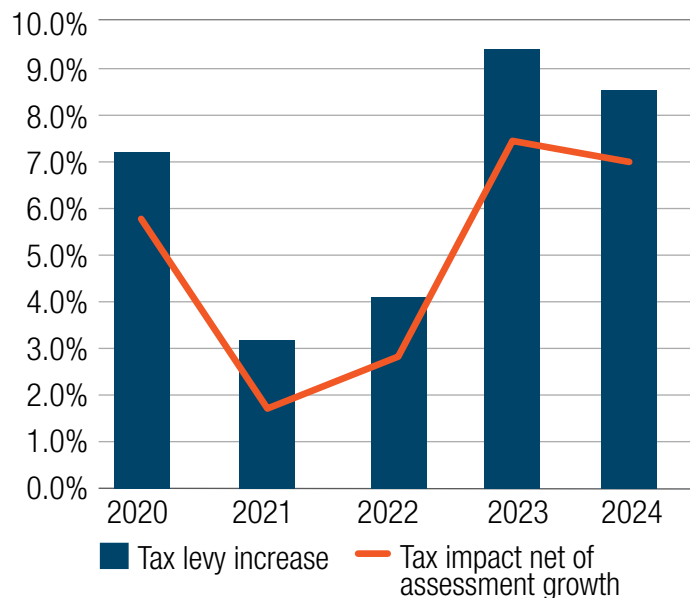
Report From The Treasurer

Property Taxes

On February 23, 2023, Regional Council approved a 7.58 per cent increase, net of assessment growth of 1.85 per cent, in Regional taxes for a 2023 tax-supported operating budget with a tax levy of \$444.4 million and a capital budget of \$228.2 million.

The 2023 general tax levy operating budget included \$19.5 million of costs related to COVID-19, funded primarily with reserves until upper level government funding was confirmed to support a Pandemic Response Team that allowed Niagara Public Health to manage the COVID-19 pandemic, \$6.9 million dedicated to development charge and tax increment grant incentive programs related to development of agricultural properties and re-development of brownfield properties, \$10.6 million dedicated to supporting infrastructure for Regional departments and agencies, boards and commissions and \$9.6 million increase for Niagara Regional Police Services.

Figure 1: Historical Tax Levy Increase
(per cent)



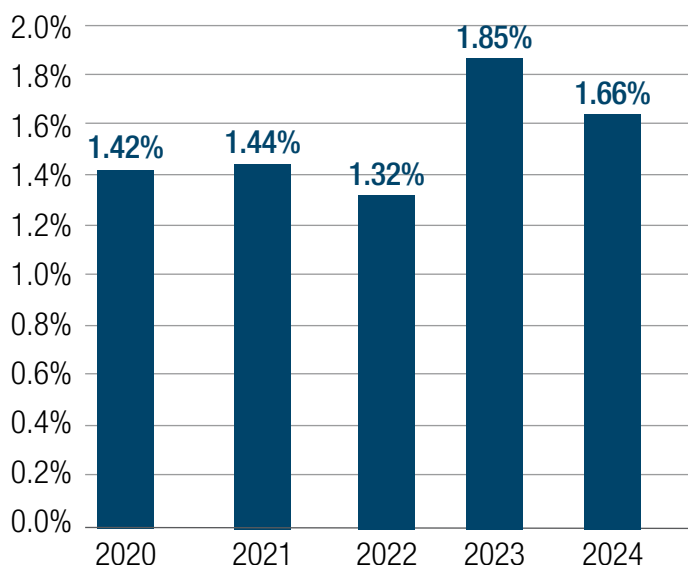
Assessment Growth

Historical assessment growth, being the incremental property taxes paid as a result of an expanding region (new homes and businesses), through 2024 is presented in **Figure 2**.

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 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 and is used in setting the tax rates at the time of budget approval.

Figure 2: Historical Assessment Growth
(per cent)



Property Taxes as a Per Cent of Household Income

For the average property assessed at \$278,764 in 2023, the Regional portion of the property tax bill increased by \$123, totalling \$1,743. As a measure of affordability for residents, property taxes as a percentage of household income have remained relatively consistent with a small decrease from 2022. In 2023, property taxes for Niagara accounted for 4.09 per cent of household income (2022 – 4.17 per cent).

During 2023, Niagara Region collected \$444.4 million in general 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 in **Figure 4**.

Figure 3: Property Taxes As Per Cent of Household Income (per cent)

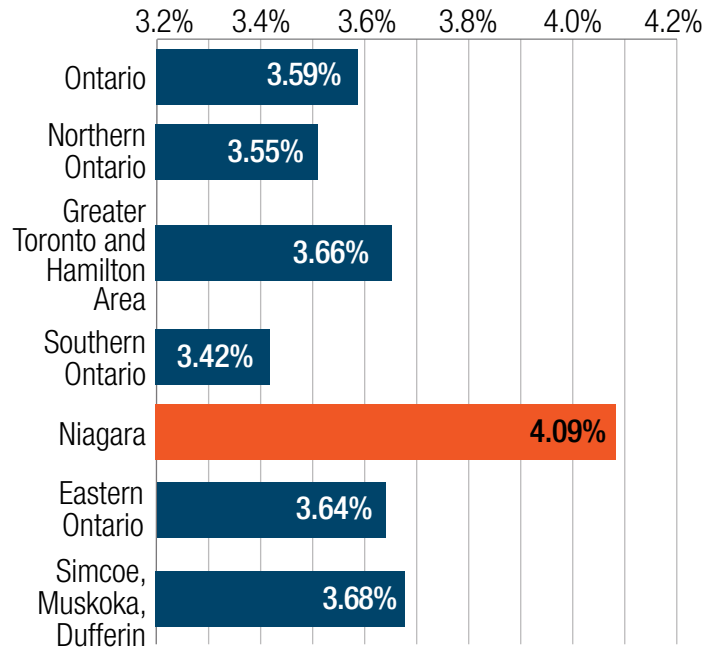
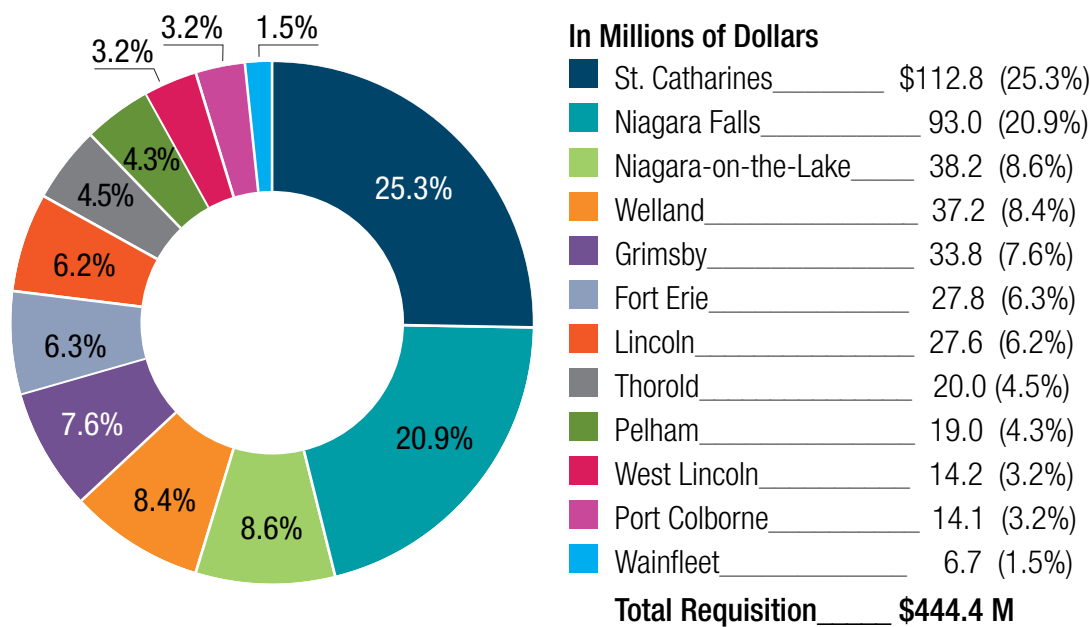


Figure 4: 2023 Taxation Requisition by Local Area Municipality

(In per cent and millions of dollars)



Water and Wastewater

The Niagara Regional Council approved a Water and Wastewater Services budget for 2023 in the amount of \$143.2 million for an increase of 8.59 per cent. The water and wastewater budgets provide continuity of essential operations and allows for updates and investment into major infrastructure.

Special Tax Levies

Special tax levies are separate from the general tax levy and are unique for each municipality. In Niagara, municipalities are billed a special tax levy for Waste Management and new for 2023 is a special tax levy for the integrated Niagara Region Transit service established under the Niagara Transit Commission.

Waste Management

Niagara Regional Council approved a special tax levy of \$45.2 million or 5.5 per cent increase for Waste Management which result in an annual cost per household ranging from \$149 - \$205 depending on the municipality.

Transit

Niagara Regional Council approved a special tax levy for the newly established Niagara Transit Commission of \$55.1 million in 2023. This will result in an annual cost per household ranging from \$64 per year to \$295 depending on the municipality.

Figure 5: Historical Water and Wastewater Operating Budget Increase (per cent)

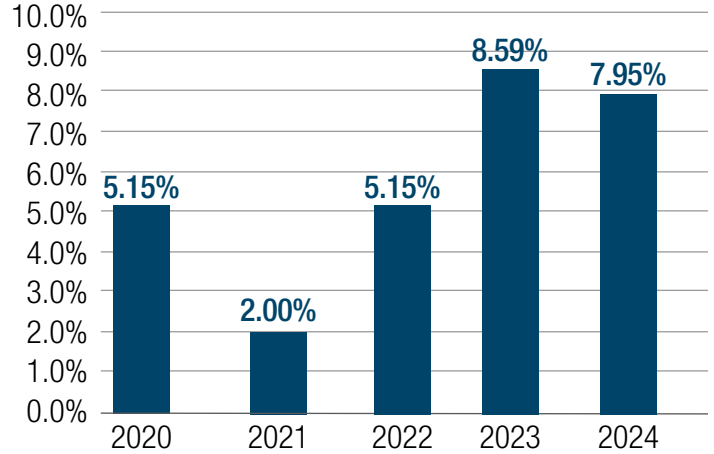
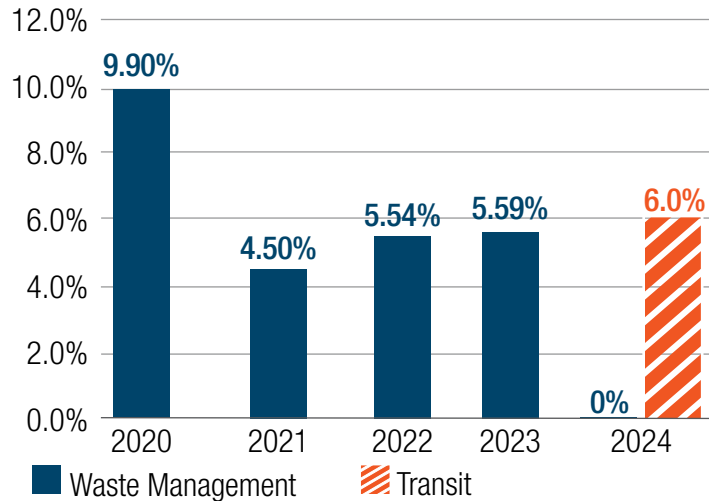


Figure 6: Historical Special Tax Levy Operating Budget Increase (per cent)



Regional Economy Highlights

Niagara 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 2023, the value of building permits issued total \$1,466 million, which was a decrease of approximately \$288 million (16.4 per cent) over the 2022 values of \$1,754 million. The largest amount of building permits issued continues to be the residential and agricultural sector with a total value of \$1,010.3 million in 2023 (2022 - \$1,390.8 million), which accounts for 68.9 per cent (2022 – 79.3 per cent) of total building permits issued. Both the residential and agricultural sector and the business and commercial sector experienced a decline during 2023, as there were building permits issued totalling \$1,147.7 million, which is a decrease of \$395.2 million from 2022.

Figure 7: Total Value of Building Permits Issued (In millions of dollars)

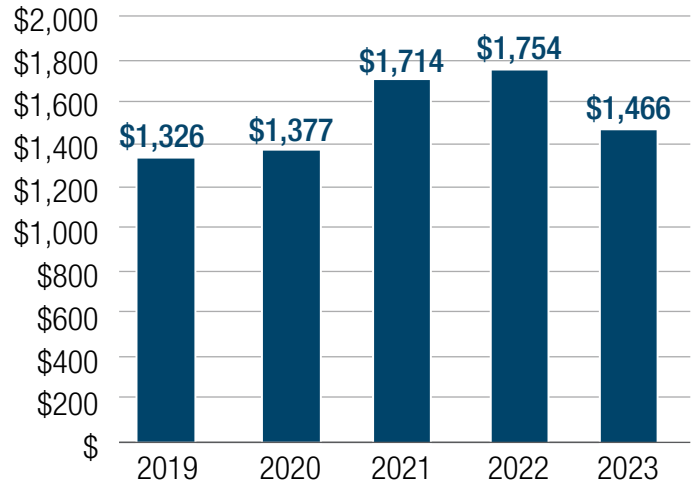
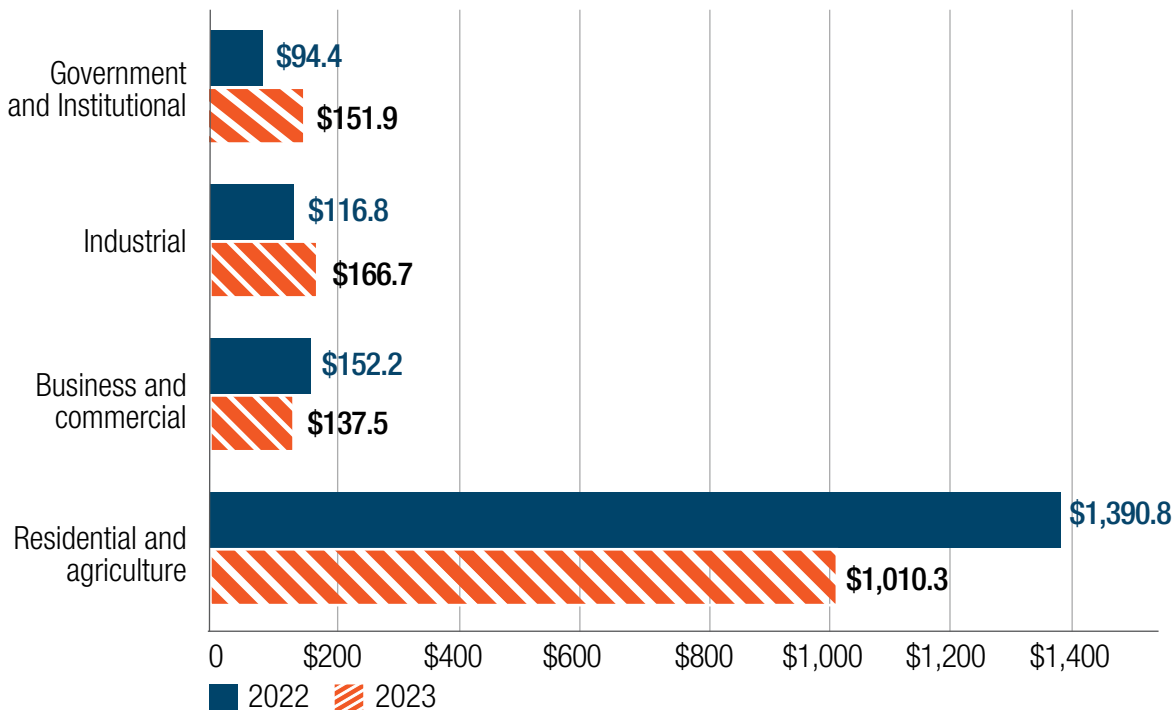


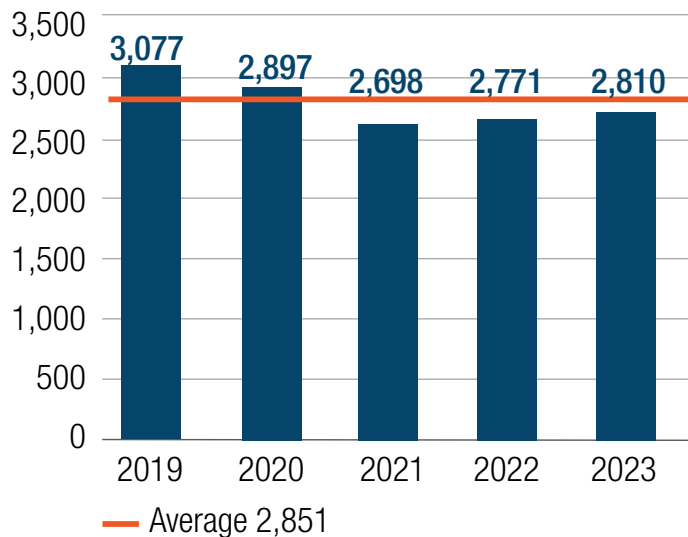
Figure 8: Types of Building Permits Issued in 2023 (In millions of dollars)



Housing Starts

This year, Niagara saw a slight increase (1.4 per cent over 2022) in the number of housing starts during the year. In 2023, there was a total of 2,810 housing starts in Niagara. The 2023 housing starts are in line with the five year average of 2,851 housing starts per year.

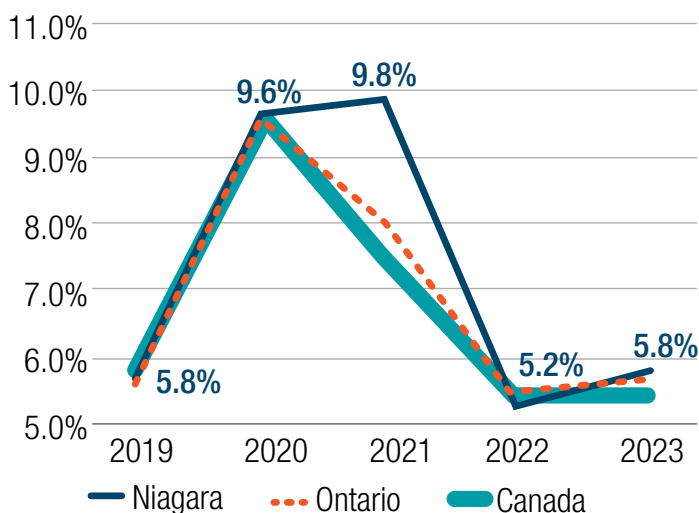
Figure 9: Housing Starts



Unemployment Rates

Niagara's unemployment rate has increased slightly in 2023. The Niagara Region ended 2023 with an unemployment rate of 5.8 per cent, slightly higher than the 2022 rate of 5.2 per cent.

Figure 10: Unemployment Rates (per cent)



Niagara Outlook and Trends

Infrastructure

In June of 2022 Council approved the Region's 2021 Corporate Asset Management Plan. This established the Region's compliance with Ontario Regulation 588/17 which requires every municipality to prepare a strategic asset management plan to maintain municipal infrastructure assets. In June of 2024 Council approved an addendum to the 2021 Asset Management Plan to incorporate the assets of the newly formed Niagara Transit Commission into the Region's asset management reporting (collectively referred to as the Plan). The Plan includes all infrastructure assets of the Region, with a current replacement value in excess of \$10 billion.

The Plan presents the state of the Region's assets, service levels and risks, management strategies, and corresponding financial investment needs. It presents the financial information and investments needed to support and sustain the Region's level of service. The Plan serves as the foundation for on-going financial strategies and budget recommendations to maintain assets and address the \$2.5 billion in asset backlog and desired average annual renewal investment of \$456 million.

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 plus 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, Seniors 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. A \$175 million redevelopment of Linhaven and Gilmore Lodge long-term care facilities ensures seniors in Niagara continue to receive a high standard of care into the future.

Additionally, Niagara's focus on expanding regional transit, through the establishment of the Niagara Transit Commission, supports an accessible labour pool aimed at attracting working age residents to Niagara to support population growth.

Population's Median Age



1 Source: 2021 Census

2 Statistics Canada

3 Statistics Canada



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 3,000 Niagara Region owned units, over 3,200 housing provider units, 51 non-profit and co-operative housing providers and more than 1,800 rent supplement/housing allowance/Canada Ontario Housing Benefit (COHB) units. In addition, in 2023 Niagara Region opened new community housing in Welland on York Street, supported Port Cares in development of housing on Chestnut Street in Port Colborne, and acquired land for a multi-phased development in 2024 through 2026 in St. Catharines on Geneva Street. The Canadian Mortgage and Housing Corporation (CMHC) National Housing Co-Investment Fund transitional housing development under construction in Fort Erie on Crescent Road will be completed in 2024 for women and children fleeing violence. Additionally, Niagara Region continues to offer incentives and development charge deferrals on certain 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 Niagara Region. The average data breach cost rose from \$4.24 million in 2022 to \$4.45 million in 2023. Globally, in 2023, it is estimated that 72.7 per cent of all organizations fell prey to a ransomware attack at an average cost of \$4.54 million due to the attack. It is predicted that cybercrime will globally cost organizations \$9.5 trillion by the end of 2024.

Niagara Region continues to launch and introduce 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 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. Interdepartmental awareness and line of business cyber resiliency sessions are being conducted all throughout 2024.



Studies show that **95% of data breaches** are caused by human error



Climate Change

In response to the escalating challenges posed by climate change, which intensifies extreme weather events, heightens societal vulnerability, and strains infrastructure, Niagara Regional Council has approved a corporate net-zero emission reduction target (in principle) by 2050. This approved target accomplishes milestone two of the five-step milestone framework set out by the partners for Climate Protection Program. Staff are currently developing the Corporate Climate Change Action Plan, which once completed will fulfill milestone three of the program.

Niagara Region has also made significant strides in addressing climate change by updating its Conservation and Demand Management Plan, applying for grant funding from the Federation of Canadian Municipalities Green Municipal Fund for building feasibility studies, and initiating the process of a Community Energy Plan. Additionally, the Region continues to lead the Niagara Climate Change Action Network with its Coordinating Committee (Brock University, Niagara Peninsula Conservation Authority and Niagara College), and spearheads the Niagara Climate Change Municipal Community of Practice which has been supporting municipalities with their climate portfolios. As we continue to implement these initiatives, a focus on rising energy costs, changing infrastructure demands and the growing frequency and severity of extreme weather events will be important.

Diversity, Equity, and Inclusion

Implementation began on the Diversity, Equity and Inclusion Action Plan 2023 – 2027. The plan envisions a Niagara region that is welcoming and inclusive, where diversity and equity are reflected and valued. The mission is that the people of Niagara advance equity; build welcoming, inclusive communities and workplaces, while eliminating barriers and forms of discrimination. Seven of the plan's 44 actions were completed and 15 others were started.

Diversity, Equity and Inclusion is embedded in the new Human Resources People Plan. Staff developed a diversity, equity, and inclusion interview question guide for people leaders and an employee equity statement.

We launched a new Niagara Diversity, Equity and Inclusion Community of Practice, bringing together over 60 community organizations.

The first year of a new Corporate Employee Recognition Award recognized employees who demonstrated contributions to advancing diversity, equity and inclusion of all people. The diversity, equity and inclusion fundamentals e-modules were completed by over 1,300 staff and 46 new people leaders completed the inclusive leadership development course through the Leader's Edge program.

Niagara Region recognized over 220 significant cultural and religious dates in 2023. This included staff communications, social media posts, awareness events, and flag raising ceremonies. Additionally, we successfully completed the 'Niagara Seat at the Table' project, designed to break down barriers, empowering women, and gender diverse individuals in local politics.

Indigenous Relations

Niagara Region continued to make progress on creating an Indigenous Action Plan. This involved community engagement with Indigenous community members and at a joint roundtable meeting with Niagara Region Corporate Leadership Team and Executive Directors from local Indigenous organizations. Engagement occurred with Indigenous community members on Housing, Poverty Reduction, and infrastructure projects. The Joint Library Board of Directors received Indigenous Cultural Safety Training.

Niagara Region recognized the following important dates through education, communications, flag ceremonies, or guest speakers.

- National Day of Awareness for Missing and Murdered Indigenous Women, Girls, and Two-Spirit
- Pride/Two-Spirit Month
- Orange Shirt Day/National Day for Truth and Reconciliation
- Indigenous Veterans Day
- Louis Riel Day
- 16 Days of Activism Against Gender-Based Violence

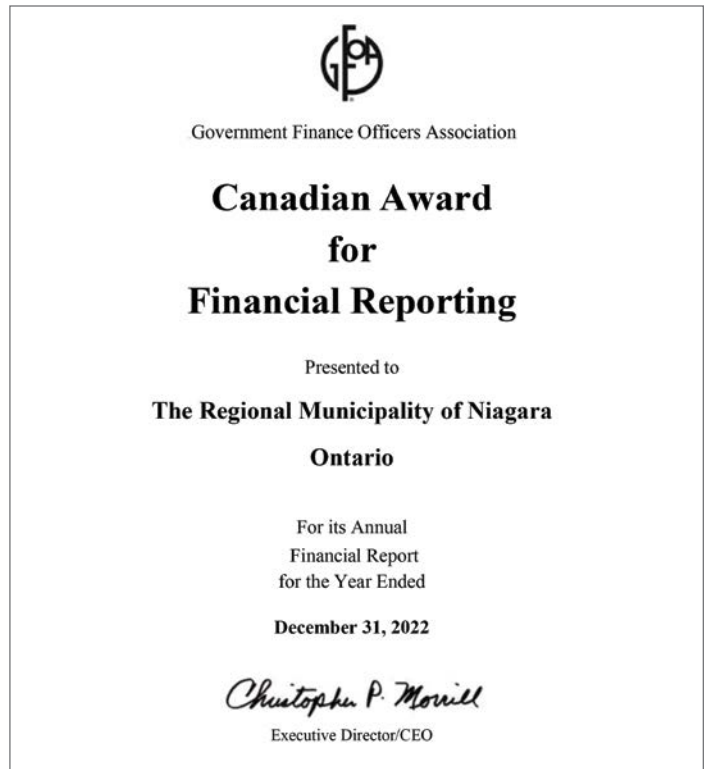


Canadian Award for Financial Reporting

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 nineteenth consecutive year, the GFOA presented Niagara Region with the Canadian Award for Financial reporting for the Region's 2022 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 2023 Annual Report to the GFOA's 2023 award program. GFOA also presented Niagara Region with a Distinguished Budget Presentation Award for the 2023 Budget Plan. This award reflects the commitment of Regional Council, management and staff to meet the highest standards of government budgeting. This is the nineteenth time that Niagara Region has received the award and it represents a significant achievement.



Consolidated Financial Statement 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, Niagara Transit Commission and Court Services. The statements also reflect the proportionate consolidation of the Canada Games Park facility in which the Region holds a 25 per cent ownership interest. The four member consortium group consists of the Region, City of St. Catharines, City of Thorold and Brock University.

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.

Crystal Beach. Photo by
Christian Triga, Crystal
Beach



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, 2023.

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.

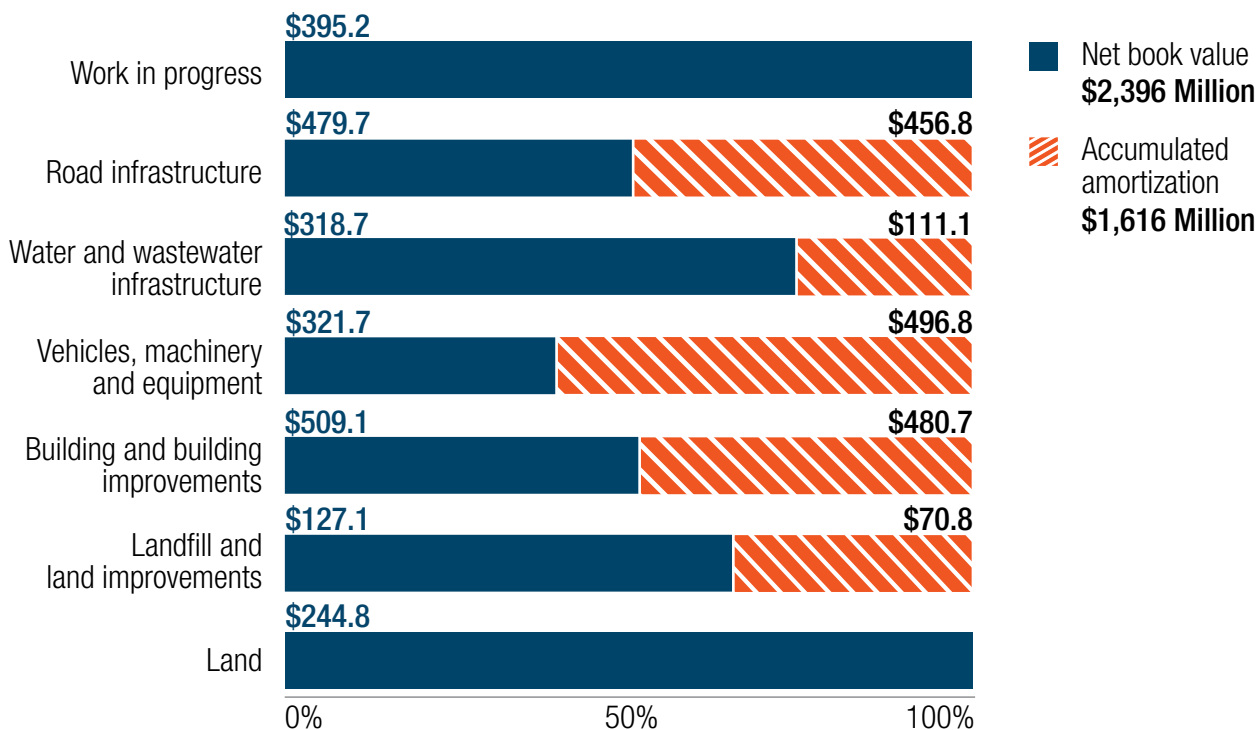
The net book value of tangible capital assets, as reported in the consolidated statement of financial position, is \$2.4 billion and is highlighted by the categories in the accompanying chart. Total historical costs are \$4.0 billion, and the total accumulated amortization is \$1.6 billion, implying that 40.3 per cent of the estimated useful life of Niagara Region’s tangible capital assets have been used in the delivery of programs and services.

Asset Retirement Obligation is a new public sector accounting standard that has been adopted on a prospective basis for the 2023 financial statements. Asset Retirement Obligation standard requires the Niagara Region to record and disclose any legal obligations associated with assets and the financial impact that it is anticipated to incur upon retirement of those asset. These obligations may be due to legislation, such as the obligation related to the designated substance of asbestos, by way of a legal agreement, such as a lease where the Region must remove all structures from the land or return the space to its original state at the end of the lease, and for landfill closure and post-closure requirements. At December 31, 2023, the total obligation recorded under this new standard is \$151 million resulting in an increase in tangible capital asset cost of \$70 million to be amortized in future years.

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

Figure 11: Tangible Capital Assets

Net Book Value and Amortization (in millions of dollars)



During the year, Niagara Region acquired \$350 million (2022 - \$243 million) of tangible capital assets. The amortization expense, as reported in the statement of operations, amount to \$107.7 million (2022 - \$96.2 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.

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.

Figure 12 illustrates deviations between gross capital requests and funding sources available within each year.

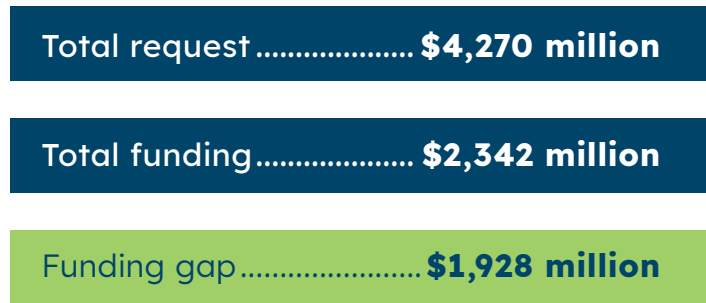
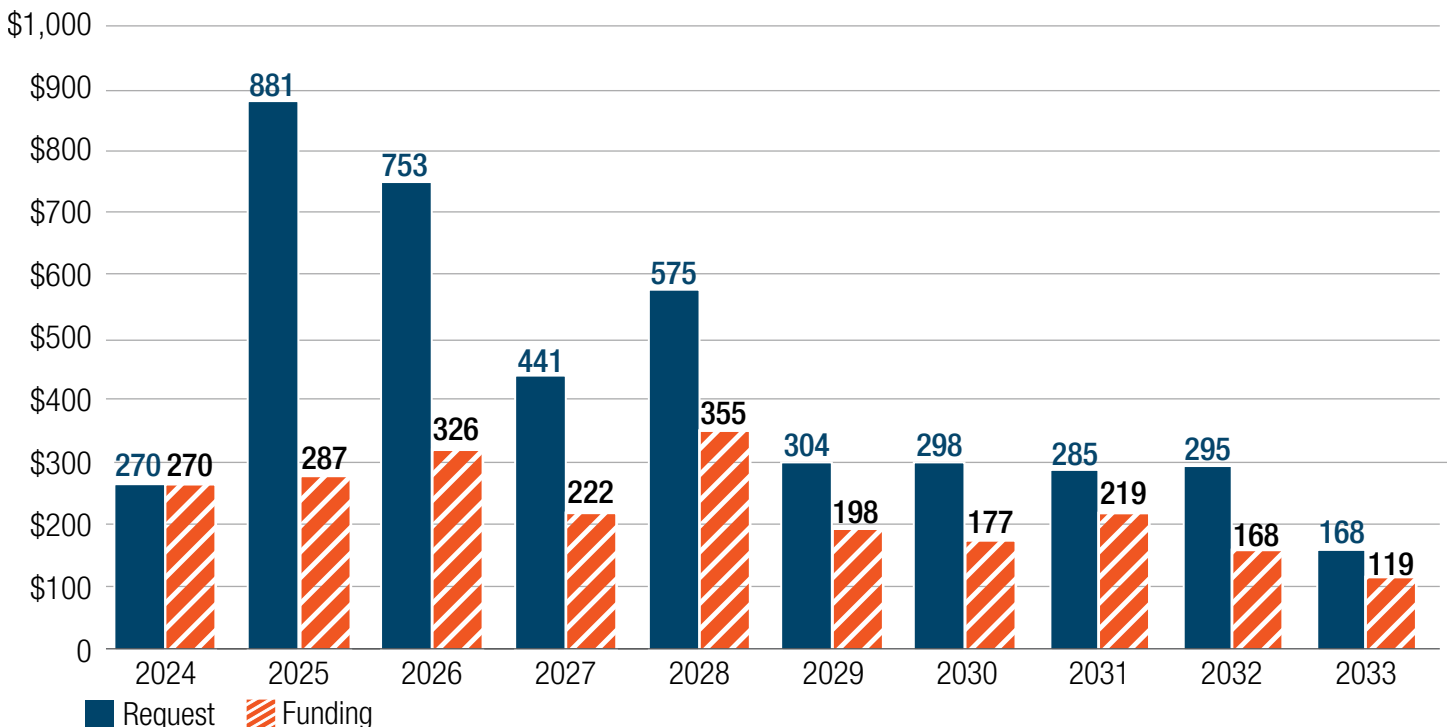


Figure 12: Ten Year Capital Ask
(In millions of dollars)



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 who benefit from the infrastructure.

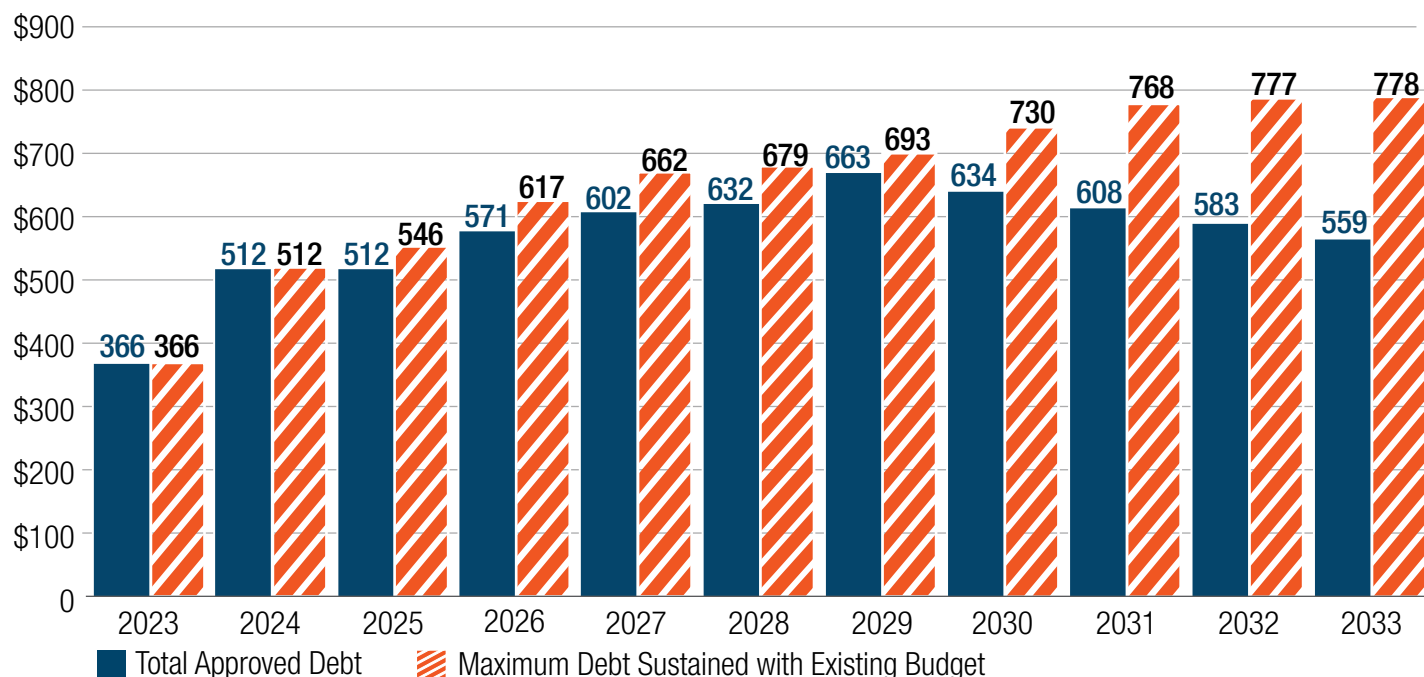
Figure 13 illustrates the annual projected debt levels over the next 10 years for approved debt, as well as the maximum debt level sustained with existing budget.

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. Recent trend of increased interest rates will be factored into future forecasts.

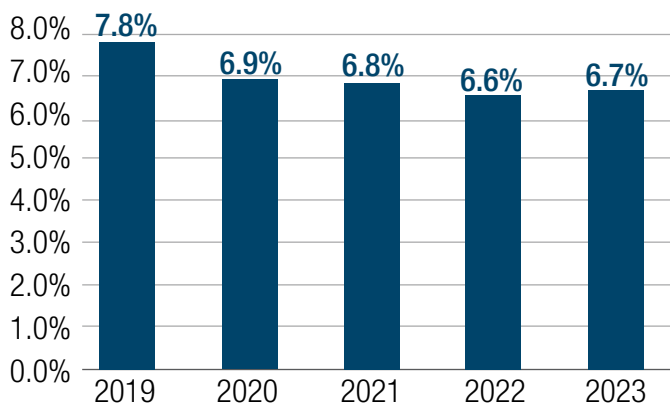
On an annual basis, Niagara Region is required to calculate their annual repayment limit. The annual repayment limit is the maximum amount that a municipality can pay in principal and interest payments in the year for long-term debt. To calculate the annual repayment limit, Niagara Region divides total 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.

Figure 13: Forecasted Outstanding Debt Principal
(In millions of dollars)



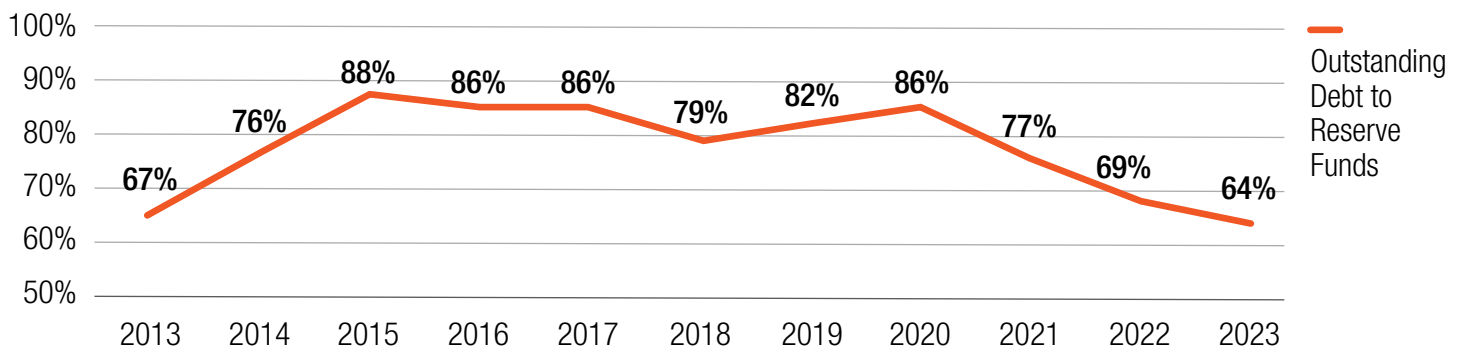
The province's prescribed annual debt repayment limit stipulates that payments relating to all debt and other long-term financial obligations of a municipality may not exceed 25 per cent of own source revenues, including the annual tax levy, rate generated revenue and user fees. Niagara Region's annual repayment limit was 6.7 per cent (2022 – 6.6 per cent) at the end of 2023.

Figure 14: 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 \$710 million (2022 - \$739 million), which includes \$343 million (2022 - \$342 million) of debt recoverable from others. Debt recoverable from others accounts for 48.4 per cent of the total debt recorded at the end of 2023 (2022 – 46.3 per cent).

Figure 15: Outstanding Debt to Reserve Funds (per cent)



On October 19, 2023, Standard and Poor's reaffirmed Niagara Region's rating of AA+. The rating reflects the views on Canadian municipal governments' improved institutional framework. The rating also incorporates Standard and Poor's opinion of Niagara's exceptional liquidity, strong budgetary performance and financial management, and moderate debt burden.

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 Standard and Poor's, in the 2023 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.

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 following chart illustrates the impact of Niagara Region's financial plan in terms of the debt-to-reserve ratio. 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.



Net Financial Assets (Net Debt)

Public Sector Accounting Standards (PSAS) require 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 2023, Niagara Region's net debt position increased from \$63.6 million to \$188.1 million. The Region's net debt is a result of all the financial activity that occurred in 2023 and means that the Region's financial liabilities exceed its financial assets. The increase in net debt is driven by the asset retirement obligation recognized as a result of implementing the new accounting standard as well as an increase in deferred revenue related to development charges committed to several multi-year growth related projects.

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, 2023, Niagara Region's accumulated surplus balance is \$2.2 billion (2022 - \$2.1 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 **Figure 16**.

Figure 16: Breakdown of Accumulated Surplus (in millions of dollars)

Category	Amount (\$)	Percentage of Total Accumulated Surplus
Invested in tangible capital assets	\$2,026.0	90.1%
Unexpended capital financing	185.6	8.2%
Reserves	245.8	-0.5%
Operating fund	(10.5)	10.9%
Canada Summer Games Park	24.4	1.1%
Unfunded liabilities	(221.5)	-9.8%
Accumulated Surplus	\$2,249.7	100.0%

Reserves

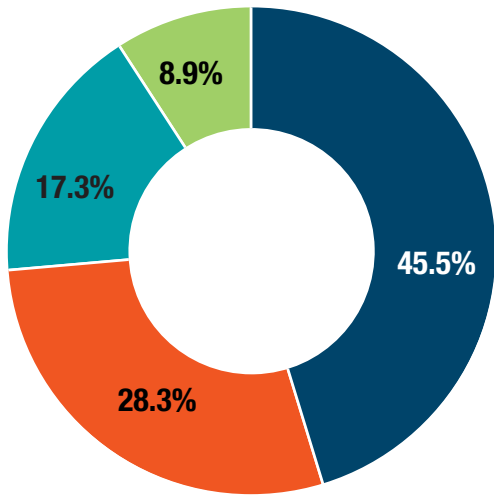
The accumulated surplus figure on the consolidated statement of financial position includes reserve funds. These reserves are managed and funds transferred to/ from the funds as per Niagara Region's Reserve and Reserve Fund Policy. Reserves are to be used for specified purposes and are categorized as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

Niagara Region's reserves of \$246 million at December 31, 2023 are highlighted in the chart to the right by their designated purpose.



Figure 17: Reserves

(In per cent and millions of dollars)



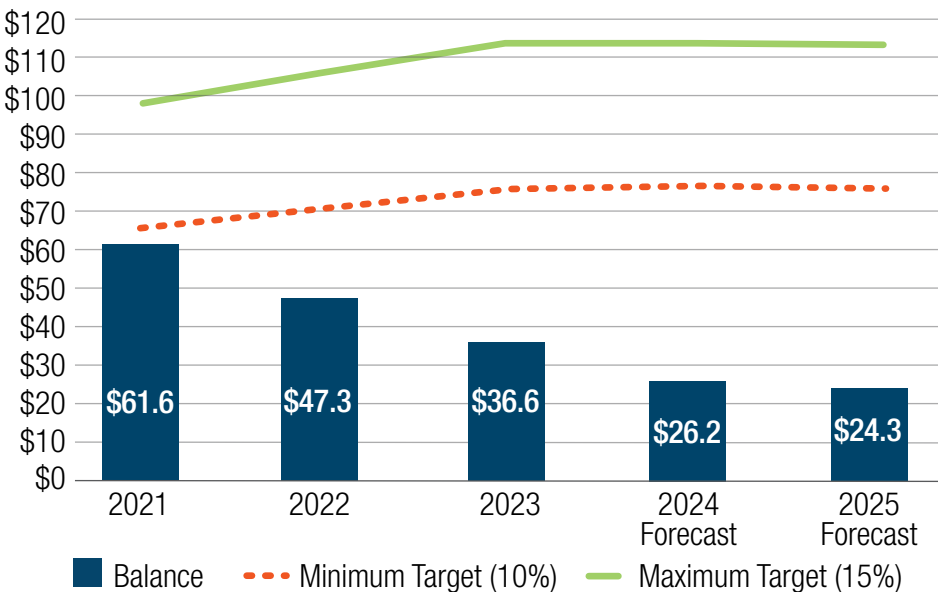
In Millions of Dollars

Capital reserves	\$111.8	(45.5%)
Stabilization reserves	69.5	(28.3%)
Future liability reserves	42.6	(17.3%)
Specified contribution reserves	21.9	(8.9%)
Total Reserves	\$245.8	(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, 2023, and taking into consideration Regional Council’s approved year end transfer recommendation, the Region’s Taxpayer Relief Stabilization Reserve, Transit Stabilization Reserve, and the Wastewater Stabilization Reserve are below the minimum target balance. The Water Stabilization Reserve and Waste Management Stabilization Reserve are both on target, having achieved the 15 per cent target balance.

The Taxpayer Relief Stabilization Reserve has seen a balance decrease in 2023, primarily as a result of using \$11.1 million from the reserve to fund Bill 23 impacts. In 2023, \$18.4 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, only \$0.7 million was required to be transferred from the Taxpayer Relief Stabilization Reserve. The 2024 budget includes \$4.1 million as a one-time budget strategy for homelessness and \$4 million to fund the 2022 tax deferral. The Taxpayer Relief Reserve continues to be below the minimum funding target.

Figure 18: Tax Levy Stabilization¹ (In millions of dollars)



At December 31, 2023, the Tax Levy Stabilization Reserve is underfunded by a range of \$39.5 to \$77.6 million

¹ Taxpayer Relief Reserve



Figure 19: Waste Management Stabilization Reserve Balances

(In millions of dollars)

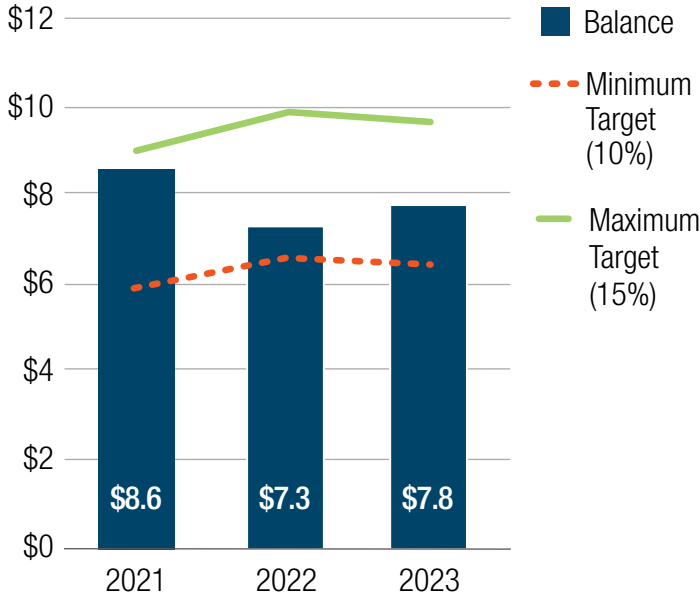


Figure 20: Transit Stabilization Reserve Balances

(In millions of dollars)

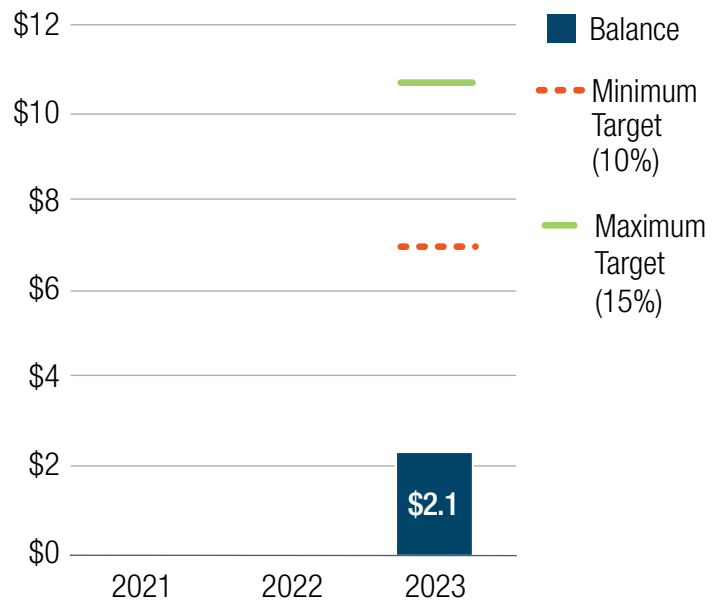


Figure 21: Water Management Stabilization Reserve Balances

(In millions of dollars)

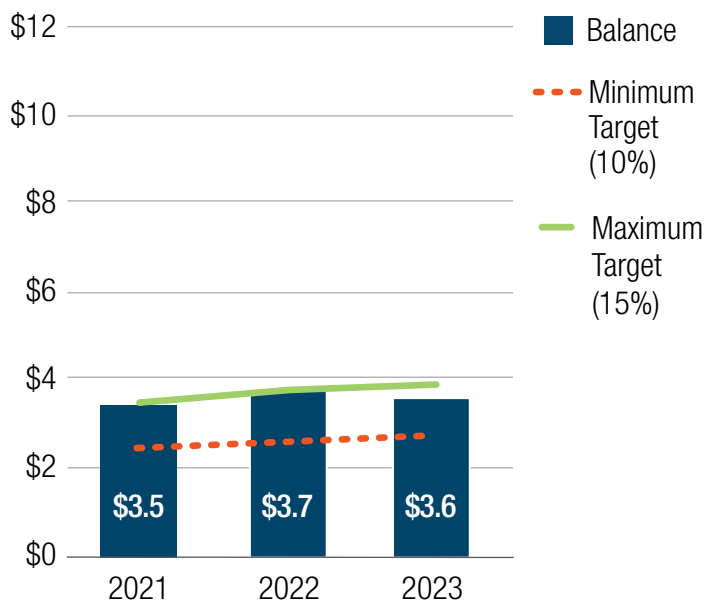
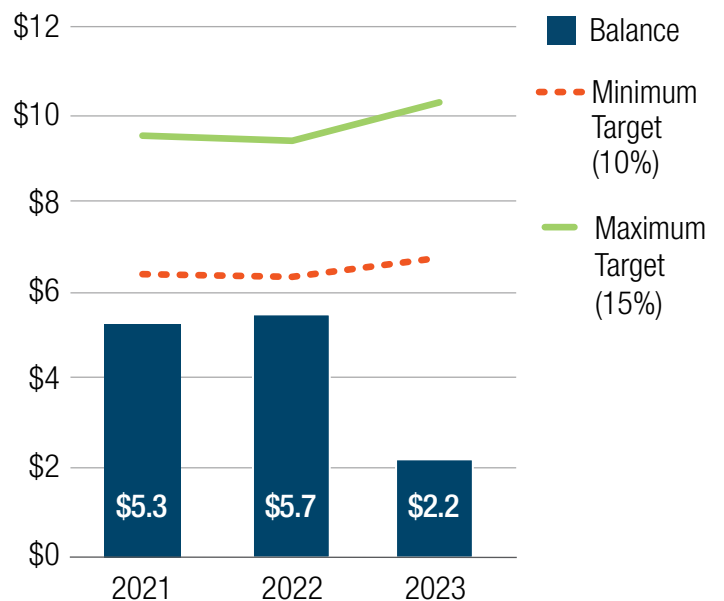


Figure 22: Wastewater Management Stabilization Reserve Balances

(In millions of dollars)

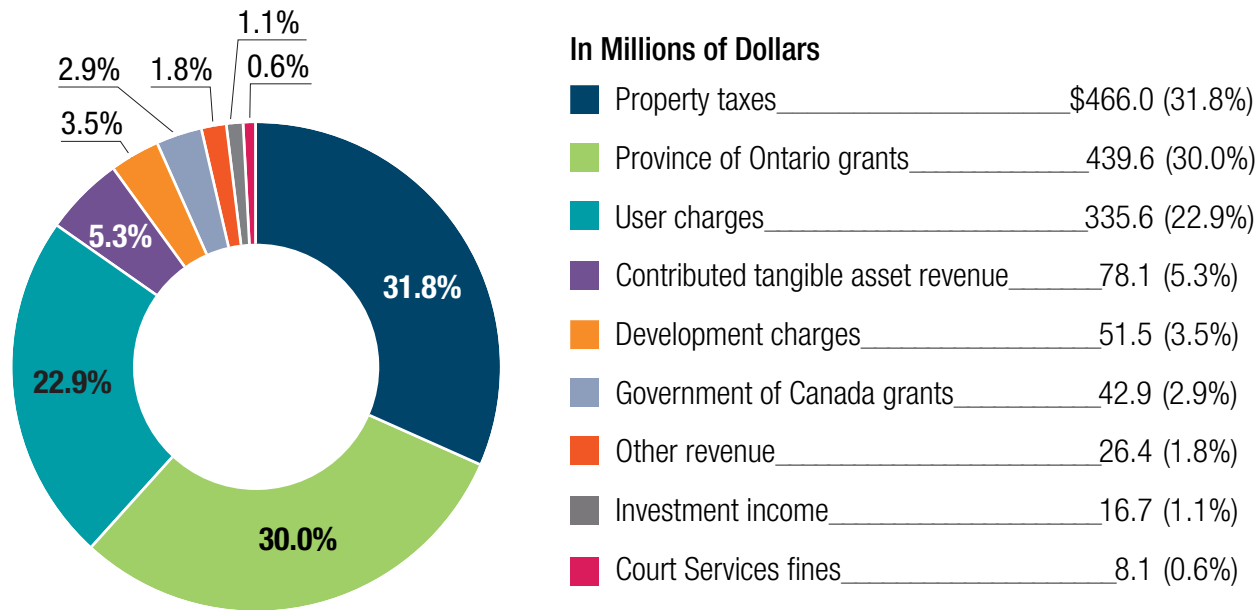


Consolidated Statement of Operations Highlights

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 \$183.8 million (2022 - \$6.4 million) surplus in accordance with Canadian Public Sector Accounting Standards. This fluctuation can be explained by significant revenue and expense changes highlighted in this section.

Compared to 2022, Niagara Region’s revenues overall reflects an increase of \$348.7 million. Driving the overall increase in revenue is a \$164.1 million in other income which is a combination of contributed tangible assets of \$78.1 million from the onboarding of local area municipal assets to the Niagara Transit Commission and \$12.9 million net proceeds from the sale of the Material Recycling Facility. Provincial grants have increased by \$55.6 million, primarily due to increased social assistance caseload.

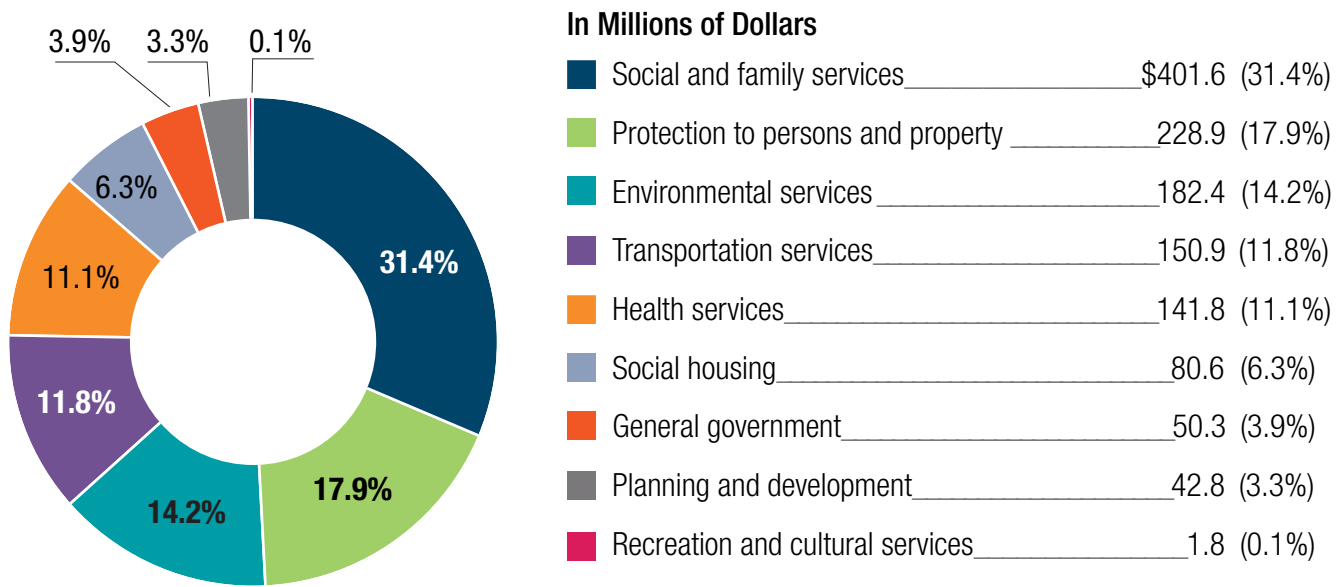
Figure 23: Revenue By Source
(In per cent and millions of dollars)



Compared to 2022, Niagara Region's expenses overall reflects an increase of \$171.4 million. Higher expenses in 2023 related to increased costs experienced in transportation of \$70.0 million driven by the Region's new Niagara Transit Commission. Additionally, higher expenses in social and family services of \$50.0 million were driven by increased social assistance caseload (19 per cent). The increase in social assistance expenses offsets the increase to revenue mentioned above.

Figure 24: Expenses by Function

(In per cent and millions of dollars)



In Millions of Dollars

Social and family services	\$401.6	(31.4%)
Protection to persons and property	228.9	(17.9%)
Environmental services	182.4	(14.2%)
Transportation services	150.9	(11.8%)
Health services	141.8	(11.1%)
Social housing	80.6	(6.3%)
General government	50.3	(3.9%)
Planning and development	42.8	(3.3%)
Recreation and cultural services	1.8	(0.1%)



2023 Approved Budget Compared to Financial Statements

A balanced 2023 operating and capital budget was approved by Regional Council on February 23, 2023.

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 asset retirement obligations, 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 Canada Public Sector Accounting Standards financial statements presented throughout the annual report.

2023 Approved Budget Compared to Financial Statements

(In thousands)	Approved Budget	2023	2022
Based on budget approach			
Water and Wastewater (deficit) surplus	\$-	(3.5)	0.4
Waste Management surplus	-	3.5	1.2
Niagara Transit Commission surplus	-	2.1	-
Levy surplus (deficit)	-	5.0	(2.2)
Net operating surplus (deficit) per CSD 20-2023	-	7.1	(0.6)
Increase to legal liability per AC-C 10-2023	-	-	(1.4)
Operating (Deficit) Surplus Total	-	7.1	(2.0)



2023 Approved Budget Compared to Financial Statements (Continued)

(In thousands)

	Approved Budget	2023	2022
Capital Public Sector Accounting Standards Adjustments			
Recognize amortization	(107.6)	(107.7)	(96.2)
Recognize in-year capital program revenues	84.6	86.7	57.0
Recognize capital fund expenditures resulting in operating expenses	(6.9)	(7.1)	(6.8)
Recognize operating fund expenditures resulting in capital assets	2.3	2.3	2.5
Recognize gain (loss) on transfer of tangible capital assets	80.7	78.6	(77.7)
Recognize loss on disposal of assets	(12.7)	(12.7)	-
Capital Subtotal	40.4	40.1	(121.2)
Funded Public Sector Accounting Standards Adjustments			
Remove principal debt repayments	51.4	34.2	33.0
Remove net transfers to reserves (including interest allocation)	47.6	114.1	102.9
Remove sinking fund activity	-	0.7	0.6
Funded Subtotal	99.0	149.0	136.5
Unfunded Public Sector Accounting Standards Adjustments			
Recognize accretion	(3.7)	(3.7)	-
Recognize change in landfill liability	-	-	0.5
Recognize power dams liability	-	0.4	0.4
Recognize change in unfunded employee future benefits liability	(8.1)	(9.1)	(7.7)
Recognize share of Canada Summer Games Park operations	-	(0.0)	0.1
Unfunded Subtotal	(11.8)	(12.4)	(6.7)
Annual surplus per PSAS consolidated financial statements	127.6	183.4	6.6



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.

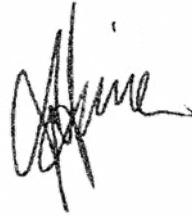
Financial Management and Control

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.

Conclusion

Providing service to over half a million 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 23, 2024



Financial Statement



Vision Zero Road Safety Initiative

We're working to improve road safety for all users, and eliminate deaths and serious injury resulting from collisions.



THE REGIONAL MUNICIPALITY OF NIAGARA

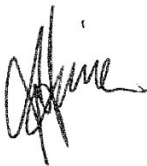
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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 23, 2024

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, 2023, 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, 2023, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

May 23, 2024

THE REGIONAL MUNICIPALITY OF NIAGARA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023 (In thousands of dollars)

	2023	2022
FINANCIAL ASSETS		
Cash	\$ 107,166	\$ 128,746
Investments (note 3)	845,442	832,296
Accounts receivable (note 4)	125,519	105,156
Other assets	630	1,005
Tangible capital assets held for sale	400	400
Debt recoverable from others (note 10)	343,472	341,860
	1,422,629	1,409,463
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	217,859	180,988
Employee future benefits and post-employment liabilities (note 5)	140,995	131,906
Deferred revenue (note 6)	386,326	339,149
Asset retirement obligation (note 7)	151,110	-
Landfill closure and post-closure liability	-	77,703
Contaminated sites liability (note 8)	576	576
Long-term liabilities (note 9)	709,742	738,571
Capital lease obligation (note 10)	4,082	4,144
	1,610,690	1,473,037
Net debt	(188,061)	(63,574)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 11)	2,396,341	2,097,154
Inventory	13,702	10,567
Prepaid expenses	26,848	21,784
Other investment	875	-
	2,437,766	2,129,505
Accumulated surplus (note 12)	\$ 2,249,705	\$ 2,065,931

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, 2023 (In thousands of dollars)

	2023 Budget	2023 Actual	2022 Actual
	(note 20)		
REVENUES (note 19)			
Taxation and user charges:			
Levies on area municipalities	\$ 463,149	\$ 466,042	\$ 441,801
User charges	334,696	335,600	253,708
	797,845	801,642	695,509
Government transfers (note 18):			
Government of Canada	48,662	42,855	33,685
Province of Ontario	421,044	439,613	384,021
Other municipalities	1,142	1,123	2,635
	470,848	483,591	420,341
Other:			
Development charges earned	56,883	51,512	36,935
Investment income	19,881	16,728	20,637
Provincial offences	10,340	8,111	5,057
Contributed tangible capital assets	78,106	78,106	(77,745)
Miscellaneous	3,400	25,245	15,469
	168,610	179,702	353
Total revenues	1,437,303	1,464,935	1,116,203
EXPENSES (note 19)			
General government	53,780	50,272	39,164
Protection to persons and property	235,630	228,939	217,074
Transportation services	150,551	150,912	80,930
Environmental services	195,266	182,434	176,583
Health services	145,514	141,821	141,772
Social and family services	391,334	401,646	351,694
Social housing	86,131	80,579	70,220
Recreation services	1,768	1,801	920
Planning and development	49,802	42,757	31,416
Total expenses	1,309,776	1,281,161	1,109,773
Annual surplus	127,527	183,774	6,430
Accumulated surplus, beginning of year	2,065,931	2,065,931	2,059,501
Accumulated surplus, end of year	\$ 2,193,458	\$ 2,249,705	\$ 2,065,931

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, 2023 (In thousands of dollars)

	2023 Budget (note 20)	2023 Actual	2022 Actual
Annual surplus	\$ 127,527	\$ 183,774	\$ 6,430
Acquisition of tangible capital assets	(341,426)	(341,426)	(217,611)
Contributed tangible capital assets	(78,106)	(78,106)	77,745
Amortization of tangible capital assets	107,678	107,678	96,212
Gain on sale of tangible capital assets	(498)	(498)	(246)
Net proceeds on sale of tangible capital assets	13,165	13,165	295
Change in inventory	-	(3,135)	(1,269)
Change in prepaid expenses	-	(5,064)	(2,455)
Change in other investment		875	
Change in net financial assets	(171,660)	(124,487)	(40,899)
Net debt, beginning of year	(63,574)	(63,574)	(22,675)
Net debt, end of year	\$ (235,234)	\$ (188,061)	\$ (63,574)

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, 2023 (In thousands of dollars)

	2023	2022
OPERATING ACTIVITIES		
Annual surplus	\$ 183,774	\$ 6,430
Items not involving cash:		
Amortization of tangible capital assets	107,678	96,212
Gain on sale of tangible capital assets	(498)	(246)
Contributed tangible capital assets	(78,106)	77,745
Accretion of asset retirement obligation	3,689	-
Change in employee future benefits and post-employment liabilities	9,089	7,576
Change in landfill closure and post-closure liability	-	(547)
Change in non-cash assets and liabilities (note 22)	55,861	53,632
Net change in cash from operating activities	281,487	240,802
CAPITAL ACTIVITIES		
Net proceeds on sale of tangible capital assets	13,165	295
Acquisition of tangible capital assets	(271,741)	(217,611)
Net change in cash from capital activities	(258,576)	(217,316)
INVESTING ACTIVITIES		
Proceeds on sale of investments	18,375	25,314
Purchase of investments	(32,396)	(69,952)
Net change in cash from investing activities	(14,021)	(44,638)
FINANCING ACTIVITIES		
Capital lease payments	(63)	(60)
Proceeds on debt issued and assumed	-	15,140
Niagara transit commission debt assumed	6,258	-
Long-term debt repaid	(34,167)	(32,977)
Increase in sinking fund assets	(2,498)	(2,067)
Net change in cash from financing activities	(30,470)	(19,964)
Net change in cash	(21,580)	(41,116)
Cash, beginning of year	128,746	169,862
Cash, end of year	\$ 107,166	\$ 128,746

THE REGIONAL MUNICIPALITY OF NIAGARA

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2023 (In thousands of dollars)

	2023	2022
Cash paid for interest	\$ 14,134	\$ 14,342
Cash received from interest	20,478	13,511
Investing and financing activities on behalf of others:		
Debt issued on behalf of others	43,159	30,773
Repayment made on behalf of others	35,108	34,772

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, 2023 (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

Niagara Transit Commission

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

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

1. Significant accounting policies:

ii) Investment in Consortium:

The Region, together with the City of St. Catharines, City of Thorold and Brock University, participates in a consortium ownership arrangement in respect of the newly constructed Canada Games Park facility. Each of the four (4) consortium members have a twenty-five percent (25%) ownership interest in the facility; however, the Region only has financial participation in the capital costs of the facility. The consortium is accounted for under the proportionate consolidation method. The Region accounts for its interest in the consortium on a line-by-line basis in the financial statements and eliminates any inter-organizational transactions and balances.

iii) Consolidation of Niagara Transit Commission:

On February 2, 2022, the Region achieved triple majority requirements which provide the Region with the exclusive authority to establish, operate, and maintain a consolidated passenger transportation system for the Region. Subsequently, the Region established the Niagara Transit Commission (the "Commission") as a municipal services board to provide public transportation services on behalf of the Region effective January 1, 2023. On January 1, 2023 the Region assumed the following assets, and liabilities from the City of Niagara Falls, City of St. Catharines, City of Welland and the Town of Fort Erie:

Inventory	\$1,993
Prepaid expenses	64
Tangible capital assets	79,055
Employee future benefits and post-employment liabilities	958
Vacation pay liability	659
Deferred revenue – development charges	2,994
Deferred revenue – gas tax	9,380
Deferred revenue – other	1,562
Long-term liabilities	6,258

iv) Trust funds:

Trust funds and their related operations administered by the Region are not included in these consolidated financial statements.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

1. Significant accounting policies (continued):

(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.

(c) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

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

Asset	Useful Life - Years
Landfill and land improvements	3 – 50
Building and building improvements	3 – 60
Vehicles, machinery and equipment	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.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

1. Significant accounting policies (continued):

(c) Non-financial assets (continued):

(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.

(iii) Intangible assets:

Intangible assets and natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

(iv) Interest capitalization:

The Region's tangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of a tangible capital asset.

(v) Leases:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(vi) Inventories:

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(d) Reserves and reserve funds:

Certain amounts, as approved by Regional Council are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective reserve when approved. Reserves are presented on the consolidated statement of financial position in accumulated surplus.

(e) Government transfers:

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made, except when and to the extent that stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

1. Significant accounting policies (continued):

(f) Deferred revenue:

Deferred revenues represent development charges collected under the Development Charges Act (1997), grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts are recognized as revenues in the fiscal year the services are performed.

(g) Taxation revenue:

Property tax revenue is recognized on an accrual basis when the tax is authorized by the passing of the tax levy by-law. Taxes are levied on properties listed on the assessment roll at the time the by-law is passed based on approved budget and tax rates. Supplementary taxation is recognized as additional billings are issued for properties that are added to the assessment roll during the year.

At year end, the Region evaluates the likelihood of having to repay taxes as a result of tax appeals or other changes and recognizes the liability if the amount can be reasonable estimated.

(h) Investment income:

Investment income earned on surplus current fund, capital fund, reserves and reserve funds are reported as revenue in the period earned. Investment income earned on deferred development charge and gas tax balances is added to forms part of the deferred development charge and gas tax balances.

(i) Municipal cost-sharing:

The Region acts as an intermediary to administer capital projects for the acquisition of assets belonging to local area municipalities. Funding received and expenses incurred relating to the local area municipalities share of these projects amounted to \$14,738 (2022 - \$1,866) 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, 2023 (In thousands of dollars)

1. Significant accounting policies (continued):

(j) 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.

(k) Asset retirement obligations:

Asset Retirement Obligations (“ARO”) represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use. The tangible capital assets (TCA) include but are not limited to assets in productive use, assets no longer in productive use, and leased tangible capital assets.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for the Region to incur costs in relation to a specific TCA, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized for underlying assets that have been recorded and reported within the TCA values presented in the consolidated financial statements. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to ensure that the time value of money is considered when recognizing outstanding liabilities at each reporting date. This is referred to as accretion. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates. In circumstances when the underlying asset is fully depreciated, the ARO will be amortized over the estimated future life until the cash disbursement is made in the future to settle the obligation.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

1. Significant accounting policies (continued):

At remediation, the Region derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the ARO and corresponding estimates that were made and are recognized in the consolidated statement of operations.

(l) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for tax write-offs, accrued liabilities, asset retirement obligations, contaminated site liability, certain payroll liabilities and in performing actuarial valuations of employee future benefits and post-employment liabilities. Amounts recorded for amortization of tangible capital assets are based on estimates of useful service life. Actual results could differ from these estimates.

2. Adoption of Public Sector Accounting Standards:

PS 3450 Financial Instruments

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

2. Adoption of Public Sector Accounting Standards (continued):

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

As the remeasurement gain (loss) resulting from the adoption of the above accounting standards is nominal to the consolidated financial statements of the Region, a Statement of Remeasurement Gains and Losses has not been prepared.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

2. Adoption of Public Sector Accounting Standards (continued):

PS 3280 Asset Retirement Obligations

PS 3280 Asset Retirement Obligations, is a new standard establishing guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. As this standard includes solid waste landfill sites active and post-closing obligations, upon adoption of this new standard, existing Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 was withdrawn.

This adoption of policy has been applied on a prospective basis with no restatement of prior period comparative amounts. The adoption of accounting policy has impacted the Region's consolidated financial statements on January 1, 2023 by increasing the following balances:

Asset retirement obligations	\$ 10,342
Tangible capital assets	\$ 10,342

3. Investments:

Investments consist of bonds and money market notes and are reported on the consolidated statement of financial position at the lower of cost or at market value in the case of a permanent decline in value, as follows:

	2023		2022	
	Cost	Market Value	Cost	Market Value
Schedule I Canadian Banks	401,780	377,075	396,804	345,212
Canadian Municipalities	96,949	93,196	95,111	89,257
Provincial Governments	346,713	326,384	340,381	312,023
Investments	\$ 845,442	\$ 796,655	\$ 832,296	\$ 746,492

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

3. Investments (continued):

The Region has purchased \$3,378 (2022 - \$3,378) of its own debentures issued on behalf of itself and local area municipalities which have not been cancelled. This investment in own debentures is included in investments on the consolidated statement of financial position. The Region's share of the gross outstanding amount of these debentures is \$22,404 (2022 - \$25,887). Coupon rates for these debentures ranged from 3.30% to 3.40%. Since the Region holds its investments to maturity, they have not been written down to market value which have declined due to increases in market interest rates.

4. Accounts receivable:

Accounts receivable are reported net of a valuation allowance of \$1,033 (2022 - \$544).

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.

	2023	2022
Workplace Safety & Insurance Board	\$ 69,759	\$ 62,760
Accumulated Sick Leave	7,464	8,249
Retiree benefits	45,640	42,506
Vacation pay	12,413	12,565
Other post-employment liabilities	5,719	5,826
Total employee future benefits and post-employment liabilities	\$ 140,995	\$ 131,906

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (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:

	2023	2022
Niagara Regional Police Services	\$ 74,240	\$ 70,908
Niagara Transit Commission	1,015	-
Niagara Region	65,740	60,998
Total	\$ 140,995	\$ 131,906

The Region has established reserves to mitigate the future impact of these obligations. These reserves were created under municipal by-law and do not meet the definition of a plan asset under PSAS PS3250 Retirement Benefits. Therefore, for the purposes of these financial statements, the plans are considered unfunded. These reserves are presented in the consolidated statement of financial position within accumulated surplus. Reserves relating to these liabilities are summarized by entity below:

	2023	2022
Niagara Regional Police Services	\$ 8,652	\$ 8,652
Niagara Transit Commission	1,595	-
Niagara Region	24,704	24,954
Total (note 13)	\$ 34,951	\$ 33,606

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

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

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

2023				
	Niagara Regional Police	Niagara Transit Commission	Niagara Region	Total
Accrued benefit obligation:				
Balance, beginning of year	\$ 83,179	\$ -	\$77,485	\$ 160,664
Current benefit cost	6,504	55	8,540	15,099
Assumed from others	-	958	-	958
Interest	2,443	32	1,982	4,457
Benefits paid	(7,080)	(30)	(7,466)	(14,576)
Net	85,046	1,015	80,541	166,602
Unamortized actuarial loss	(10,806)	-	(14,801)	(25,607)
Liability	\$ 74,240	\$ 1,015	\$ 65,740	\$ 140,995
2022				
	Niagara Regional Police	Niagara Transit Commission	Niagara Region	Total
Accrued benefit obligation:				
Balance, beginning of year	\$ 82,238	\$ -	\$73,917	\$ 156,155
Current benefit cost	6,325	-	8,916	15,241
Interest	2,409	-	1,878	4,287
Actuarial loss (gain)	-	-	-	-
Benefits paid	(7,793)	-	(7,226)	(15,019)
Balance, end of year	83,179	-	77,485	160,664
Amount Transferred	-	-	358	-
Unamortized actuarial (loss) gain	(12,271)	-	(16,487)	(28,758)
Liability	\$ 70,908	\$ -	\$ 60,998	\$ 131,906

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

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

Included in expenses is \$3,151 (2022 - \$3,131) 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	1 - 10 years
Retiree benefits	10 - 14 years
WSIB	7 – 10 years

The most recent actuarial valuation was completed as at December 31, 2021 with estimates to December 31, 2024.

Workplace Safety and Insurance Board (“WSIB”)

With respect to responsibilities under provisions of the Workplace Safety and Insurance Act the Region has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. An actuarial estimate of future liabilities of the Region under the provisions of the Workplace Safety and Insurance Act has been completed and forms the basis for the estimated liability reported in these financial statements.

The main actuarial assumptions employed for the valuation are as follows:

Discount rate

The obligation of the present value of future liabilities as at December 31, 2023 and the expense for the year ended December 31, 2023, were determined using a discount rate of 3.00% (2022 – 3.00%).

Administration costs

Administration costs were assumed to be 27% (2022 – 27%) of the compensation expense.

Compensation expense

Compensation costs include loss of earnings benefits, health care costs and non-economic loss awards, were assumed to increase at a rate of 1.25% per annum (2022 – 1.25%).

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (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, 2023, of the present value of future liabilities and the expense for the year ended December 31, 2023, were determined using a discount rate of 3.25% (2022 – 3.25%).

Retiree benefits

The Region pays certain life insurance benefits on behalf of retired employees as well as extended health and dental benefits for early retirees to age 65 and Health Care Spending Accounts for certain retirees until the age of 70 or 75 depending on year of retirement. The Region recognizes these post-retirement costs in the period in which the employees rendered the services.

The main actuarial assumptions employed for the valuations are as follows:

Discount rate

The obligation as at December 31, 2023, of the present value of future liabilities and the expense for the year ended December 31, 2023, were determined using a discount rate of 3.25% (2022 - 3.25%).

Medical costs

Medical costs were assumed to increase at the rate of 3.42% (2022 – 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% (2022 – 2.75%) per year.

Inflation

Inflation was assumed to be 1.75% (2022 – 1.75%) per year.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (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 2023 with a funding deficit of \$4.2 billion (2022 - \$6.7 billion). The funded ratio increased to 97% in 2023 (2022 – 95%)

The amount contributed to OMERS for 2023 was \$37,350 (2022 - \$32,270) for current service and is included as an expense on the consolidated statement of operations. Employees’ contribution to OMERS in 2022 were \$37,315 (2022 - \$32,226).

Contributions for employees with a normal retirement age of 65 were being made at rate of 9.0% (2022 – 9.0%) for earnings up to the yearly maximum pensionable earnings of \$66.6 (2022 - \$64.9) and at a rate of 14.6% (2022 – 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% (2022 - 9.2%) and 15.8% (2022 - 15.8%) respectively.

6. Deferred revenue:

The Region records as deferred revenues funds received where Provincial and Federal legislation restricts how these funds may be used, and under certain circumstances, how these funds may be refunded.

The Region has deferred revenues in the amount of \$335,972 (2022 - \$304,691).

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, 2023 (In thousands of dollars)

6. Deferred revenue (continued):

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

	2023	2022
Development charges	\$ 272,981	\$ 254,137
Gas tax	62,991	50,554
Obligatory reserve funds	335,972	304,691
Investing in Ontario Grant	10,617	10,617
Other deferred revenue	39,737	23,841
Balance, end of year	\$ 386,326	\$ 339,149

The continuity of Deferred Revenues are summarized below:

Development charges:

	2023	2022
Balance, beginning of year	\$ 254,137	\$ 206,297
Assumed from others	2,994	-
Externally restricted inflows	62,155	79,089
Revenue earned	(51,512)	(36,935)
Investment income	5,207	5,686
Balance, end of year	\$ 272,981	\$ 254,137

Gas tax:

	2023	2022
Balance, beginning of year	\$ 50,554	\$ 46,826
Assumed from others	9,380	-
Externally restricted inflows	17,278	15,347
Revenue earned	(16,581)	(12,794)
Investment income	2,360	1,175
Balance, end of year	\$ 62,991	\$ 50,554

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

7. Asset Retirement Obligations:

The Asset Retirement obligation reported on the consolidated statement of financial position, are comprised of the following:

	2023	2022
Asbestos	\$ 7,505	\$ -
Landfill	140,432	-
Leases	3,173	-
Balance, end of year	\$ 151,110	\$ -

Asbestos:

The Region owns buildings which contain asbestos, and therefore, the Region is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are an abatement cost between 2024 and 2068 of \$8,232. The estimated total liability of \$7,504 (2022- \$nil) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 3.25% and assuming annual inflation of 1.75%. The Region has not designated funds for settling the abatement activities.

Asbestos	2023	2022
Balance, beginning of year	\$ 7,269	\$ -
Accretion expense	236	-
Balance, end of year	\$ 7,505	\$ -

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

7. Asset Retirement Obligations (Continued):

Landfill:

The Region owns and monitors 14 landfill sites, two of which are open and operating. The liability for 2022 for closure of operational sites and post-closure care has been recognized based upon the usage of the site's capacity during the year. The estimated total liability was \$77,703. Landfill closure and post-closure care are activities that are expected to occur in perpetuity and requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance.

Landfill closure and post-closure care requirements have been defined in accordance with The Environmental Management and Protection Act and include final covering and landscaping of the landfill, pumping of ground water, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The 2023 reported liability is based on estimates and assumptions with respect to events extending over a 212-year period using the best information available to management. Undiscounted future cash flows expected are an abatement cost between 2024 and 2236 of \$1,888,615. The estimated total liability of \$140,432 is based on the sum of discounted future cash flows for abatement activities using a discount rate of 3.25% and assuming annual inflation of 1.75%. Future events may result in significant changes to the estimated total expense, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The Region has a landfill reserve which is dedicated for costs relating to settling closure and post-closure care liabilities. As of December 31, 2023 the reserve balance is \$5,398 (2022 - \$8,183).

Landfill Obligation	2023	2022
Balance, beginning of year	\$ 137,079	\$ -
Accretion expense	3,353	-
Balance, end of year	\$ 140,432	\$ -

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

7. Asset Retirement Obligations (Continued):

Lease:

The Region has entered into lease agreements for land and facilities. Upon termination of the lease agreements, the Region must sever and remove all structures from the land or return the space to its original state. Undiscounted future cash flows expected are a demolition cost between 2025 and 2054 of \$3,428. The estimated total liability of \$3,173 (2022- \$nil) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 3.25% and assuming annual inflation of 1.75%. The Region has not designated funds for settling the abatement activities.

Lease	2023	2022
Balance, beginning of year	\$ 3,073	\$ -
Accretion expense	100	-
Balance, end of year	\$ 3,173	\$ -

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

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. As there is no current legal obligation to remediate the site it is not considered an asset retirement obligation. If the likelihood of the Region's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.

As at December 31, 2023 the Region has recognized a liability for contaminated sites of \$576 (2022 - \$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.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

9. Net long-term liabilities:

- (a) As well as incurring long-term liabilities for regional purposes, the Region also incurs long-term liabilities on behalf of the area municipalities. The responsibility for raising the amounts required to service this debt lies with the respective area municipalities.

The balance of net long-term liabilities reported on the consolidated statement of financial position is comprised of the following:

	2023	2022
Long-term liabilities incurred by the Region	\$ 735,328	\$ 761,659
Less: Sinking fund assets	(25,586)	(23,088)
Long-term debt	\$ 709,742	\$ 738,571
Debt recoverable from others net of sinking fund assets (long-term liabilities incurred by the Region for which other entities have assumed responsibility)	(343,472)	(341,860)
Net long-term debt, end of year	\$ 366,270	\$ 396,711

- (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.
- (c) The Region assumed transit related debt of the area municipalities on January 1, 2023. Therefore the debt recoverable from others net of sinking fund assets reduced by \$6,258.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

9. Net long-term liabilities (continued):

- (d) The Region issued sinking fund debentures of \$78,079 payable on June 30, 2040 and bearing interest at the rate of 5.2% per annum. The sinking fund debentures are included in long-term liabilities in (a) and include \$9,333 borrowed on behalf of the City of St. Catharines and shown as debt recoverable from others. The City of St. Catharines share of the sinking fund assets have been removed from the debt recoverable from others in (a). Annual principal payments into the sinking fund of \$1,512 are due June 30 of each year. These payments are reflected as principal repayments in (e).
- (e) The Region is contingently liable for long-term liabilities with respect to debt issued for area municipalities, tile drainage and shoreline property assistance. The total amount outstanding as at December 31, 2023 is \$343,472 (2022 - \$341,860) and is reported on the consolidated statement of financial position as debt recoverable from others.
- (f) Principal payments to be funded by the Region, including sinking fund payments, due in each of the next five years are as follows:

	2023
2024	\$ 33,612
2025	29,545
2026	25,443
2027	22,467
2028	21,124
Thereafter	234,079
	\$ 366,270

Total interest on net long-term liabilities which are reported on the consolidated statement of operations amounted to \$13,804 in 2023 (2022 - \$14,242). The long-term liabilities bear interest at rates ranging from 0.70% to 4.20%. The interest on long-term liabilities assumed by the municipalities or by individuals in the case of tile drainage and shoreline property assistance loans are not reflected in these consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (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:

	2023
2024	\$ 216
2025	216
2026	216
2027	216
2028	216
Thereafter	5,361
Total minimum lease payments	\$ 6,441
Less: amount representing implicit interest at 3.75%	(2,359)
Capital lease obligation	\$ 4,082

In 2023, interest of \$154 (2022 - \$157) 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, 2023 is \$6,379 (Land - \$800, Building - \$5,579) and accumulated amortization of leased tangible capital assets at December 31, 2023 is \$628 (2022 - \$488). 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, 2023 (In thousands of dollars)

11. Tangible capital assets:

	2023							
	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	\$ 237,154	\$ 128,391	\$ 933,461	\$ 728,754	\$ 424,367	\$ 913,314	\$ 280,584	\$ 3,646,455
Additions/transfers	11,401	9,708	55,295	119,414	5,469	33,915	114,643	349,846
Asset retirement obligations	-	61,346	8,021	351	-	-	-	69,718
Disposals	(4,157)	(1,561)	(6,967)	(30,035)	-	(10,732)	-	(53,452)
Balance, end of year	244,828	197,885	989,809	818,484	429,836	936,497	395,227	4,012,567
Accumulated Amortization								
Balance, beginning of year	-	65,456	453,227	486,030	104,962	439,626	-	1,549,301
Disposals	-	(1,216)	(4,003)	(24,802)	-	(10,732)	-	(40,753)
Amortization expense	-	6,527	31,504	35,572	6,185	27,890	-	107,678
Balance, end of year	-	70,767	480,728	496,800	111,147	456,784	-	1,616,226
Net Book Value, end of year	\$ 244,828	\$ 127,118	\$ 509,081	\$ 321,684	\$ 318,689	\$ 479,713	\$ 395,227	\$ 2,396,341

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

11. Tangible capital assets (continued):

	2022							
	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	\$ 237,154	\$ 120,988	\$ 870,069	\$ 709,297	\$ 411,929	\$ 888,963	\$ 273,982	\$ 3,512,382
Additions/transfers	430	7,416	63,501	25,075	12,491	24,351	110,163	243,427
Disposals	-	(13)	(109)	(5,618)	(53)	-	(103,561)	(109,354)
Balance, end of year	237,584	128,391	933,461	728,754	424,367	913,314	280,584	3,646,455
Accumulated Amortization								
Balance, beginning of year	-	61,336	426,140	460,084	98,880	412,393	-	1,458,833
Disposals	-	(13)	(109)	(5,569)	-	(53)	-	(5,744)
Amortization expense	-	4,133	27,196	31,515	6,082	27,286	-	96,212
Balance, end of year	-	65,456	453,227	486,030	104,962	439,626	-	1,549,301
Net Book Value, end of year	\$ 237,584	\$ 62,935	\$ 480,234	\$ 242,724	\$ 319,405	\$ 473,688	\$ 280,584	\$ 2,097,154

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

11. Tangible capital assets (continued):

(a) Work in progress

Work in progress of \$395,227 (2022 - \$280,584) has not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets

Contributed capital assets are recognized at fair market value at the date of contribution. Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned. The value of contributed assets transferred to the Region during the year is \$84,364 (2022 -\$nil). Of this amount, \$79,055 relates to the Niagara Transit Commission, which includes building, vehicles, and equipment.

(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 (2022 – \$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, 2023 (In thousands of dollars)

12. Accumulated Surplus:

Accumulated surplus consists of balances as follows:

	2023	2022
Surplus:		
Invested in tangible capital assets	\$ 2,025,989	\$ 1,696,299
Capital fund – unexpended capital financing	185,559	293,319
Operating fund	(10,524)	(11,375)
Canada summer games park	24,416	25,432
Unfunded		
Asset retirement obligation	(81,393)	-
Landfill closure and post-closure liability	-	(77,703)
Contaminated sites	(576)	(576)
Employee future benefits and post-employment liabilities	(139,546)	(130,430)
Total surplus	2,003,925	1,794,966
Reserves set aside by Council:		
Circle route initiatives	1,133	1,133
Hospital contribution	12,750	10,535
Employee benefits	34,951	33,606
Encumbrances	14,358	21,202
General capital levy	27,292	21,861
Niagara Regional Housing	16,837	17,983
Court Services facilities renewal	4,101	3,901
Public liability self-insurance	2,270	2,270
Smart growth	-	225
Taxpayer relief reserve	36,602	47,334
Waste management	32,139	15,194
Wastewater	14,221	19,522
Water	34,466	65,930
Landfill liability	5,398	8,183
Niagara Transit Commission	3,547	-
Other reserves	5,715	2,086
Total reserves	245,780	270,965
Total accumulated surplus	\$ 2,249,705	\$ 2,065,931

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

13. Trust funds:

Trust funds administered by the Region amounting to \$1,021 (2022 - \$1,029) 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 \$352,587 (2022 - \$325,884) for capital projects. These costs include holdbacks. The holdbacks related to work completed as of December 31, 2023 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 \$1,806 (2022 - \$2,845). Annual payments of \$1,216 (2022 - \$1,216) have been charged to current operations.
- (c) The Region enters into various service contracts and other agreements in the normal course of business, which have been approved by the appropriate level of management or by Council but which have not been reported as commitments.
- (d) Minimum annual operating lease payments:

The Region has commitments under various building, land and equipment lease agreements with minimum annual operating lease payments as follows:

	2023
2024	\$ 2,908
2025	1,788
2026	1,130
2027	674
2028	358
Thereafter	840
	\$ 7,698

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

15. Contingent liabilities:

At December 31, 2022, 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 \$8,720 (2022 - \$9,656) 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, 2023 amount to \$2,270 (2022 - \$2,270) (note 13) and is reported on the consolidated statement of financial position under accumulated surplus. An amount of \$nil (2022- \$nil) has been transferred from this reserve fund in the current year.

Payments charged against operations in the current year amounted to \$1,455 (2022 - \$578).

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 \$25,247 (2022 - \$21,961).

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

18. Government transfers:

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

	Budget	2023	2022
Revenue:			
Government of Canada:			
General government	\$ -	\$ -	\$ 2,051
Transportation services	16,919	16,919	9,737
Environmental services	280	280	1,605
Social and family services	5,405	4,257	5,906
Social housing	25,978	21,411	14,206
Planning and development	80	(12)	180
	48,662	42,855	33,685
Province of Ontario:			
General government	2,332	1,515	2,439
Protection to persons and property	10,195	11,051	10,028
Transportation services	8,969	7,356	1,939
Environmental services	123	123	35
Health services	78,783	88,582	92,774
Social and family services	311,849	322,933	269,883
Social housing	8,793	8,078	6,897
Planning and development	-	(25)	26
	421,044	439,613	384,021
Other municipalities:			
General government	206	119	1,982
Protection to persons and property	329	350	321
Environmental services	-	-	1
Social housing	380	380	-
Recreation services	227	227	331
Planning and development	-	47	
	1,142	1,123	2,635
Total revenues	\$ 470,848	\$ 483,591	\$ 420,341

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (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. Transportation also includes public transportation services provided within the Region by the Niagara Region Transit.

(iv) Environmental services:

Environmental services is responsible for the engineering and operation of the water and wastewater systems and waste management. Waste management encompasses solid waste collection and disposal and Niagara Recycling.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (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.

(ix) Recreation Services:

The amounts reported reflect the Region’s participation in the consortium for the operations of Canada Summer Games Park

Certain allocation methodologies are employed in the preparation of segmented information. Taxation and payments-in-lieu of taxes are not allocated and reported in general government and environmental services. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges earned and developer contributions received are allocated to the segment for which the charge was collected.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

19. Segmented information (continued):

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

	2023									
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation services	Planning and development	Total
Revenues:										
Levies on area municipalities	\$ 420,874	-	-	\$ 45,168	-	-	-	-	-	\$ 466,042
User charges	883	7,433	80,368	196,943	737	28,191	18,750	448	1,847	335,600
Government transfers	1,632	11,401	24,275	403	88,582	327,191	29,870	227	10	483,591
Development charges earned	9,795	-	28,255	11,923	694	-	582	-	263	51,512
Investment income	16,302	-	-	-	-	-	426	-	-	16,728
Provincial offenses	-	8,102	4	-	5	-	-	-	-	8,111
Miscellaneous	3,955	1,217	79,447	10,626	550	1,501	5,793	49	213	103,351
Total revenues	453,441	28,153	212,349	265,063	90,568	356,883	55,421	724	2,333	1,464,935
Expenses:										
Salaries, wages and employee benefits	5,341	186,569	61,028	36,330	116,539	146,841	7,400	300	7,040	567,388
Operating expenses	15,140	22,169	51,689	108,491	21,060	125,389	24,698	452	2,511	371,599

2023

	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation services	Planning and development	Total
External transfers	10,545	9,365	1,524	3,858	18	125,100	36,513	-	33,206	220,129
Debt services	13,649	-	-	-	154	-	-	-	-	13,803
Amortization	5,596	10,836	36,132	33,731	4,050	4,316	11,968	1,049	-	107,678
Miscellaneous	1	-	539	24	-	-	-	-	-	564
Total	50,272	228,939	150,912	182,434	141,821	401,646	80,579	1,801	42,757	1,281,161
expenses:										
Annual surplus (deficit)	\$ 403,169	\$ (200,786)	\$ 61,437	\$ 82,629	\$ (51,253)	\$ (44,763)	\$ (25,158)	\$ (1,077)	\$ (40,424)	\$ 183,774

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (In thousands of dollars)

	2022								
	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	\$ 398,988	-	-	\$ 42,813	-	-	-	-	\$ 441,801
User charges	786	7,019	5,773	193,672	743	26,669	17,659	1,224	253,708
Government transfers	6,470	10,349	11,677	1,641	92,774	275,790	21,103	206	420,341
Development charges earned	14,273	1	12,526	7,246	29	-	2,544	316	36,935
Investment income	20,322	-	-	-	-	-	315	-	20,637
Provincial offenses	-	5,057	-	-	-	-	-	-	5,057
Miscellaneous	(99,774)	1,449	200	7,738	766	694	520	273	(62,276)
Total revenues	341,065	23,875	30,176	253,110	94,312	303,153	42,141	2,019	1,116,203
Expenses:									
Salaries, wages and employee benefits	7,087	179,494	16,656	34,366	118,293	134,344	6,830	\$6,453	503,681
Operating expenses	11,196	20,161	32,167	106,973	19,438	104,395	22,486	\$2,326	319,432

2022

	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Social housing	Planning and development	Total
External transfers	2,945	7,197	2,252	1,252	15	108,855	31,019	\$22,637	176,172
Debt services	2,945	7,197	2,252	1,252	15	108,855	31,019	\$22,637	176,172
Amortization	14,059	-	27	-	157	-	-	\$-	14,243
Miscellaneous	3,873	10,220	29,826	33,967	3,869	4,100	9,885	\$-	96,212
Total expenses:	39,164	217,074	80,930	176,583	141,772	351,694	70,220	\$31,416	1,109,773
Annual surplus (deficit)	\$ 301,901	\$ (193,199)	\$ (50,754)	\$ 76,527	\$ (47,460)	\$ (48,541)	\$ (28,079)	\$ (29,397)	\$ 6,430

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

20. Budget data:

The budget amounts presented in these consolidated financial statements are based upon the 2023 operating and capital budgets approved by Council on February 23, 2023. 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, 2023 (In thousands of dollars)

20. Budget data (continued):

	Budget Amount
REVENUES	
Operating	
Approved budget	\$ 1,275,739
Budget Adjustments	77,893
Revenues classified as expenses	(237)
Transfer to CSGP consortium	414
Share of CSGP revenue	724
Capital:	
Development charges	48,272
Grants and subsidies	36,319
Other contributions	7,430
Gain on transfer of tangible capital assets	73,237
Less:	
Transfers from reserves	(69,831)
Proceeds on sale of tangible capital assets	(12,657)
Total revenue	1,437,303
EXPENSES	
Operating	
Approved budget	\$ 1,275,739
Budget Adjustments	77,893
Revenues classified as expenses	(237)
Transfer to CSGP consortium	414
Share of CSGP revenue	1,740
Add:	
Capital project cost resulting in operating expenses	6,909
Amortization	106,630
Employee future benefits	8,102
Accretion Expense	3,689
Less:	
Operating expenses resulting in tangible capital assets	(2,270)
Transfers to reserves, including capital	(117,395)
Debt principal payments	(51,438)
Total expenses	1,309,776
Annual surplus	\$ 127,527

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (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:

	2023	2022
Accounts receivable	(\$ 20,363)	(\$ 357)
Other current assets	375	104
Accounts payable and accrued liabilities	36,871	8,255
Deferred revenue	47,177	49,354
Inventory	(3,135)	(1,269)
Prepaid expenses	(5,064)	(2,455)
Net Change in Non-Cash Assets and Liabilities	\$ 55,861	\$ 53,632

23. 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, 2023, 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, 2023, 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:

- (x) 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.
- (xi) 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.
- (xii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (xiii) 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.
- (xiv) 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 23, 2024

THE REGIONAL MUNICIPALITY OF NIAGARA

SINKING FUND STATEMENT OF FINANCIAL POSITION

As at December 31, 2023 (In thousands of dollars)

	2023	2022
FINANCIAL ASSETS		
Cash	\$ 817	\$ 424
Interest receivable	605	321
Investments (note 2)	24,164	22,343
	25,586	23,088
LIABILITIES		
Accounts payable and accrued liabilities	4	4
Due to operating fund	74	37
Sinking fund requirements		
City of St. Catharines	2,964	2,686
The Regional Municipality of Niagara	21,833	19,786
	24,875	22,513
Accumulated surplus and net financial assets	\$ 711	\$ 575

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, 2023 (In thousands of dollars)

	2023	2022
REVENUES		
Contributions	\$ 1,512	\$ 1,512
Investment Income	953	834
Total revenues	2,465	2,346
EXPENSES		
Professional fees	4	4
Provision for sinking fund requirements	2,325	2,247
Total expenses	2,329	2,251
Net change in fund balance for the year	136	95
Accumulated surplus, beginning of year	575	480
Accumulated surplus, end of year	\$ 711	\$ 575

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, 2023 (In thousands of dollars)

	2023	2022
OPERATING ACTIVITIES		
Excess of expenses over revenue for the year	\$ 136	\$ 95
Change in non-cash working capital balances		
Interest receivable	(284)	(196)
Due to operating fund	37	36
Accounts payable	-	-
Net change in cash from operating activities	(111)	(65)
INVESTING ACTIVITIES		
Purchase of investments	(1,822)	(2,022)
Net change in cash from investing activities	(1,822)	(2,022)
FINANCING ACTIVITY		
Increase in sinking fund requirements	2,325	2,247
Net increase (decrease) in cash from financing activity	2,325	2,247
Net change in cash	\$393	\$160
Cash, beginning of year	424	264
Cash, end of year	\$ 817	\$ 424

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, 2023 (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.

(c) Investment income:

Investment income is reported as revenue in the period earned.

2. Adoption of PSAS 3450:

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO SINKING FUND FINANCIAL STATEMENTS

For the year ended December 31, 2023 (In thousands of dollars)

2. Adoption of PSAS 3450 (continued):

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

As the remeasurement gain (loss) resulting from the adoption of the above accounting standards is nominal to the financial statements of the Region, a Statement of Remeasurement Gains and Losses has not been prepared.

3. Investments:

The investments consist of municipal and provincial bonds, as well as corporate GICs. At December 31, 2023 the investments have a market value of \$21,289 (2022 - \$18,188)

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, 2023, 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, 2023, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
May 23, 2024

THE REGIONAL MUNICIPALITY OF NIAGARA

TRUST FUNDS STATEMENT OF FINANCIAL POSITION

As at December 31, 2023 (In thousands of dollars)

	2023	2022
ASSETS		
Cash	\$ 317	\$ 280
Due from Regional Municipality of Niagara	704	749
Fund balance	\$ 1,021	\$ 1,029

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, 2023 (In thousands of dollars)

	2023	2022
REVENUE		
Deposits from residents	\$ 524	\$ 392
Donations	183	150
	707	542
EXPENSES		
Expenditures for the benefit of residents	715	580
	715	580
(Deficiency) excess of revenues over expenses	(8)	(38)
Fund balance, beginning of year	1,029	1,067
Fund balance, end of year	\$ 1,021	\$ 1,029

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, 2023 (In thousands of dollars)

	2023	2022
OPERATING ACTIVITIES:		
(Deficiency) excess of revenues over expenses	\$ (8)	\$ (38)
Change in non-cash assets and liabilities		
Due from Regional Municipality of Niagara	45	49
Net change in cash from operating activities	37	11
Cash, beginning of year	280	269
Cash, end of year	\$ 317	\$ 280

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, 2023 (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:

1. Gilmore Lodge
2. Upper Canada Lodge
3. Deer Park Villa
4. Woodlands of Sunset
5. Linhaven
6. Rapelje Lodge
7. Northland Point
8. 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

Opinion

We have audited the financial statements of Niagara Regional Housing (the "Organization"), which comprise the statement of financial position as at December 31, 2023, 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, 2023, 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
April 19, 2024

Niagara Regional Housing

Statement of Financial Position

As at December 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash	\$ 2,639,791	\$ 4,762,916
Accounts receivable	4,762,521	6,353,597
Due from Niagara Region	18,167,232	3,778,005
Total financial assets	25,569,544	14,894,518
FINANCIAL LIABILITIES		
Deferred revenue (note 4)	12,490,077	3,191,535
Mortgages and debentures (note 5)	33,252,693	38,761,565
Asset retirement obligations (note 6)	5,047,147	-
	50,789,917	41,953,100
Net debt	(25,220,373)	(27,058,582)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	191,299,899	173,029,706
Prepaid expenses and deposits	58,878	-
	191,358,777	173,029,706
Commitments (note 9)		
Accumulated surplus (note 8)	\$ 166,138,404	\$ 145,971,124

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

Niagara Regional Housing

Statement of Operations

For the year ended December 31, 2023

	2023 Budget (note 10)	2023 Actual	2022 Actual
REVENUES			
Rental revenue	\$ 17,875,905	\$ 18,615,058	\$ 17,635,059
Subsidies			
Niagara Region	34,231,142	34,405,578	19,785,599
Federal and Provincial Government	11,575,505	11,575,505	9,321,321
Investment income	54,000	368,792	273,394
Contributed tangible capital assets	5,308,950	5,308,950	-
Development charge revenue	582,465	582,465	2,544,112
Sundry revenue	227,843	287,926	400,048
	69,855,810	71,144,274	49,959,533
Transferred to Niagara Region and reserves	(6,338,117)	(6,738,117)	(3,342,156)
	63,517,693	64,406,157	46,617,377
EXPENSES			
Property taxes	5,908,977	6,342,161	5,752,202
Support services – Niagara Region	8,178,150	7,998,145	4,977,762
Amortization expense	11,965,464	11,965,464	9,885,445
Accretion (note 6)	158,869	158,869	-
Bad debts	161,000	270,558	218,812
Wages, salaries and benefits	365,300	373,602	346,268
Utilities	5,638,020	5,448,356	5,118,812
Materials and services	6,795,869	7,868,620	7,802,076
Interest on debenture and mortgage payments	877,496	877,528	958,195
Debenture payments (note 9)	1,215,971	1,215,971	1,215,971
Administration	1,826,477	1,461,389	738,300
Supplies and equipment	201,500	195,684	196,865
Government land lease	\$57,320	62,530	57,320
	43,350,413	44,238,877	37,268,028
Annual surplus	20,167,280	20,167,280	9,349,349
Accumulated surplus, beginning of year	145,971,124	145,971,124	136,621,775
Accumulated surplus, end of year	\$166,138,404	\$166,138,404	\$145,971,124

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

Niagara Regional Housing

Statement of Change in Net Debt

For the year ended December 31, 2023

	2023 Budget (note 10)	2023 Actual	2022 Actual
Annual surplus	\$ 19,426,620	\$ 20,167,280	\$ 9,349,349
Acquisition of tangible capital assets, net of disposals	(30,235,657)	(30,235,657)	(18,431,271)
Amortization of tangible capital assets	11,965,464	11,965,464	9,885,445
Change in prepaid expenses	-	(58,878)	161,196
Change in net debt	1,156,427	1,838,209	964,719
Net debt, beginning of year	(27,058,582)	(27,058,582)	(28,023,301)
Net debt, end of year	\$ (25,902,155)	\$ (25,220,373)	\$ (27,058,582)

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

Niagara Regional Housing

Statement of Changes in Cash Flows

For the year ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Annual surplus	\$ 20,167,280	\$ 9,349,349
Items not involving cash:		
Amortization of tangible capital assets	11,965,464	9,885,445
Contributed tangible capital assets	(5,308,950)	-
Accretion expense	158,869	-
Change in non-cash assets and liabilities:		
Accounts receivable	1,591,076	(1,712,453)
Deferred revenue	9,298,542	(7,631,583)
Prepaid expenses	(58,878)	161,196
Net change in cash from operating activities	37,813,403	10,051,954
CAPITAL ACTIVITY		
Cash used to acquire tangible capital assets	(20,038,429)	(18,431,271)
Net change in cash from capital activity	(20,038,429)	(18,431,271)
INVESTING ACTIVITY		
Change in investments	-	6,494,186
Net change in cash from investing activity	-	6,494,186
FINANCING ACTIVITIES		
Mortgages and debentures issued	-	2,302,506
Mortgage and debenture repayments	(5,508,872)	(5,416,140)
Change in due from Niagara Region	(14,389,227)	(483,733)
Net change in cash from financing activities	(19,898,099)	(3,597,367)
Net change in cash	(2,123,125)	(5,482,498)
Cash, beginning of year	4,762,916	10,245,414
Cash, end of year	\$ 2,639,791	\$ 4,762,916
Cash paid for interest	\$ 877,528	\$ 958,195

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

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2023

1. Description of operations

Niagara Regional Housing (the “Corporation” or “NRH”) 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, the Corporation transferred Program Manager responsibilities back to the Regional Municipality of Niagara (“Niagara Region”). NRH continues to be responsible for duties including, but not limited to, ownership and management of a real estate portfolio consisting of 3,072 apartments and houses and the power to purchase, construct or make alterations to a housing project.

2. Significant accounting policies

The financial statements of 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:

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 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.

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.

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2023

2. Significant accounting policies (continued):

Tangible capital assets

Tangible capital assets (“TCA”) 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:

Land Improvements	5 – 50 years
Buildings	5 – 40 years
Equipment	15 years

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.

Asset retirement obligations

Asset Retirement Obligations (“ARO”) represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use. The tangible assets include but are not limited to assets in productive use, assets no longer in productive use, and leased tangible capital assets.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for NRH to incur costs in relation to a specific TCA, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized for underlying assets that have been recorded and reported within the TCA values presented in the financial statements. Through the passage of time in subsequent

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2023

2. Significant accounting policies (continued)

reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates. In circumstances when the underlying asset is fully depreciated, the ARO will be amortized over the estimated future life until the cash disbursement is made in the future to settle the obligation.

At remediation, NRH derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the statement of operations.

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.

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 to expenses as incurred.

Investments

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

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.

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2023

2. Significant accounting policies (continued):

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 accrued liabilities and useful lives of tangible capital assets. Actual results could differ from these estimates.

3. Adoption of Public Sector Accounting Standards

PS 3450 Financial Instruments

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2023

3. Adoption of Public Sector Accounting Standards (continued)

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

As the remeasurement gain (loss) resulting from the adoption of the above accounting standards is nominal to the financial statements of NRH, a Statement of Remeasurement Gains and Losses has not been prepared.

PS 3280 Asset Retirement Obligations

PS 3280 Asset Retirement Obligations, is a new standard establishing guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

This adoption of policy has been applied on a prospective basis with no restatement of prior period comparative amounts. The adoption of accounting policy has impacted NRH's consolidated financial statements on January 1, 2023 by increasing the following balances:

	2023
Asset retirement obligations	<u>\$ 4,888,277</u>
Tangible capital assets	\$ 4,888,277

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2023

4. Deferred revenue

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

	2023	2022
Canada Mortgage and Housing Corporation	11,950,217	2,850,948
Other	539,860	340,587
Balance, end of year	\$ 12,490,077	\$ 3,191,535

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2023

4. Mortgages and debentures

Amounts consist of mortgages secured by the income producing properties of the Corporation. As at December 31, 2023 the unpaid balances of these mortgages and debentures are as follows:

	2023	2022
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.40% to 3.75% due in 2023	-	249,127
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 3.30% due in 2024	281,198	553,804
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.15% to 2.80% due in 2025	635,000	940,000
Debenture for Niagara Regional Housing capital program bearing interest at 2.25% due in 2025	238,131	353,261
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 2.40% due in 2026	1,784,405	2,354,883
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 2.45% due in 2027	721,009	891,957
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 2.05% to 3.15% due in 2028	3,611,000	4,274,000
Ontario Infrastructure and Lands Corporation amortization debenture for Niagara Regional Housing capital program bearing interest at 3.74% due in 2042	3,389,622	3,510,282
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 2.00% to 2.40% due in 2029	9,489,138	10,946,524

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2023

	2023	2022
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 0.6% to 1.6% due in 2030	2,423,510	2,714,690
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 0.4% to 2.1% due in 2031	6,630,000	7,415,000
Mortgage payable, secured by a rental property, a general assignment for rent and a chattel mortgage, interest at a rate of 2.66%, due in 2024	1,946,224	2,255,530
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 3.4% to 4.2% due in 2032	2,103,456	2,302,507
	\$ 33,252,693	\$ 38,761,565

The annual principal payments are as follows:

Year	Amount
2024	\$ 6,993,513
2025	4,884,136
2026	4,592,267
2027	4,072,629
2028	3,975,139
Thereafter	8,735,009
Total principal payments	\$ 33,252,693

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2023

6. Asset Retirement Obligations

Asbestos

NRH owns buildings which contain asbestos, and therefore, NRH is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are an abatement cost between 2027 and 2059 of \$5,020,582. The estimated total liability of \$4,812,587 (2022- \$nil) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 3.25% and assuming annual inflation of 1.75%. The Region has not designated funds for settling the abatement activities.

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$4,661,101	\$ -
Accretion expense	\$ 151,486	\$ -
Balance, end of year	<u><u>\$4,812,587</u></u>	<u><u>\$-</u></u>

Lease

NRH entered into a lease agreement, expiring March 31, 2041, for land on which a 40-unit apartment building was built. Although NRH is not expecting to terminate the lease, upon termination, NRH must sever and remove all structures from the land. If NRH were to terminate the lease, undiscounted future cash flows expected are a demolition cost in 2041 of \$300,000. The estimated total liability of \$234,560 (2022- \$nil) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 3.25% and assuming annual inflation of 1.75%. The Region has not designated funds for settling the abatement activities.

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$227,177	\$ -
Accretion expense	\$ 7,383	\$ -
Balance, end of year	<u><u>\$234,560</u></u>	<u><u>\$-</u></u>

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2023

7. Tangible capital assets:

	2023					Total
	Land	Land Improvements	Building	Equipment	Work in progress	
Cost						
Balance, beginning of year	\$42,731,007	\$11,278,974	\$217,494,530	\$5,695,293	\$11,330,374	\$288,530,178
Additions	6,362,336	2,155,388	19,875,444	468,542	(3,514,330)	25,347,380
Asset retirement obligations	-	-	4,888,277	-	-	4,888,277
Disposals	-	(448,645)	-	(598,305)	-	(1,046,950)
Balance, end of year	\$49,093,343	\$12,985,717	\$242,258,251	\$5,565,530	\$7,816,044	\$317,718,885
Accumulated Amortization						
Balance, beginning of year	-	\$3,257,697	\$109,577,711	\$2,665,064	-	\$115,500,472
Disposals	-	(448,645)	-	(598,305)	-	(1,046,950)
Amortization expense	-	585,259	11,005,712	374,493	-	11,965,464
Balance, end of year	-	\$3,394,311	\$120,583,423	\$2,441,252	-	\$126,418,986
Net Book Value, end of year	\$49,093,343	\$9,591,406	\$121,674,828	\$3,124,278	\$7,816,044	\$191,299,899

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2023

7. Tangible capital assets (continued):

	2022					
	Land	Land Improvements	Building	Equipment	Work in progress	Total
Cost						
Balance, beginning of year	\$42,633,005	\$9,725,065	\$190,351,298	\$4,265,065	\$23,124,474	\$270,098,907
Additions	98,002	1,553,909	27,143,233	1,430,228	(11,794,100)	\$18,431,271
Disposals	-	-	-	-	-	-
Balance, end of year	\$42,731,007	\$11,278,974	\$217,494,531	\$5,695,293	\$11,330,374	\$288,530,178
Accumulated Amortization						
Balance, beginning of year	-	\$2,757,431	\$100,533,360	\$2,324,236	-	\$105,615,027
Disposals	-	-	-	-	-	-
Amortization expense	-	500,266	9,044,352	340,828	-	9,885,445
Balance, end of year	-	\$3,257,697	\$109,577,712	\$2,665,064	-	\$115,500,472
Net Book Value, end of year	\$42,731,007	\$8,021,277	\$107,916,819	\$3,030,229	\$11,330,374	\$173,029,706

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2023

7. Tangible capital assets (continued)

Assets under construction

Assets under construction at December 31, 2022 valued at \$7,816,044 (2022 - \$11,330,374) have not been amortized. Amortization of these assets will commence when the asset is put into service.

Contributed tangible capital assets

Contributed capital assets have been recognized at fair market value at the date of contribution.

Tangible capital assets disclosed at nominal values

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.

Write-down of tangible capital assets

The write-down of tangible capital assets during the year was \$nil (2022 - \$nil).

8. Accumulated Surplus:

Accumulated surplus consists of individual fund surplus as follows:

	2023	2022
Invested in tangible capital assets	\$ 158,047,206	\$ 134,268,141
Capital fund: Unexpended capital financing	12,985,623	11,550,262
Operating fund	152,722	152,722
Unfunded Asset Retirement Obligation	(5,047,147)	
Total accumulated surplus	\$ 166,138,404	\$ 145,971,124

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2023

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 \$1,805,838 (2022 - \$2,845,149) and payments during the year of \$1,215,971 (2022 – \$1,215,971) have been charged to current operations.

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2023

10. Budget data

The budget data presented in these financial statements is based upon the 2023 operating and capital budgets approved by the NRH Board on December 9, 2022. 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	\$ 38,255,002
Capital	31,600,808
<u>Less:</u>	
Surplus transferred from Niagara Region and transferred from reserves	(6,338,117)
Total revenue	63,517,693
EXPENSES	
Operating	
Approved Operating Expenses	38,255,002
<u>Add:</u>	
Amortization	11,965,464
	158,869
Expenditures included in capital fund	1,068,995
<u>Less:</u>	
Transfers to reserves	(2,589,045)
Transfers to capital	-
Debt principal payments	(5,508,872)
Total expenses	43,350,413
Annual surplus	\$ 20,167,280

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2023

11. Risks

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.

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.

12. Comparative Figures

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

Niagara Regional Housing

Schedule of Financial Activities – Operating Fund

For the year ended December 31, 2023

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

	2023 Budget	2023 Actual	2022 Actual
REVENUES			
Rental revenue	\$17,875,905	\$18,615,058	\$17,635,059
Subsidies			
Niagara Region	18,881,283	18,771,060	16,115,971
Federal and Provincial Government	1,215,971	1,215,971	814,091
Investment income	54,000	368,792	273,394
Sundry revenue	227,843	287,926	330,298
	38,255,002	39,258,807	35,168,813
EXPENSES			
Property taxes	5,882,384	6,315,568	5,718,959
Support services – Niagara Region	8,178,150	7,998,145	4,977,762
Bad debts	161,000	270,558	218,812
Wages, salaries and benefits	365,300	373,602	346,268
Utilities	5,638,020	5,448,356	5,103,051
Materials and services	6,765,953	7,838,703	7,856,036
Interest on debenture and mortgage payments	877,496	877,528	958,195
Debenture payments (note 9)	1,215,971	1,215,971	1,215,971
Administration	836,343	471,257	410,415
Supplies and equipment	179,148	173,332	174,336
Government land lease	57,320	62,530	57,320
	30,157,085	31,045,550	27,037,125
Annual surplus	8,097,917	8,213,257	8,131,688
FINANCING AND TRANSFERS			
Transfer to reserves	(2,589,045)	(2,989,045)	(3,331,077)
Transfer to/from Niagara Region	-	284,660	620,629
Transfer to capital	-	-	(5,100)
Debt principal payments	(5,508,872)	(5,508,872)	(5,416,140)
	(8,097,917)	(8,213,257)	(8,131,688)
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, 2023 and notes to the schedule (collectively referred to as the "schedule").

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

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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
April 18, 2024

THE REGIONAL MUNICIPALITY OF NIAGARA

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

For the year ended December 31, 2023

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

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE COURT SERVICES FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. Significant accounting policies:

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

Significant accounting policies are as follows:

(a) Revenues:

Revenues are 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.

Uncontrollable expenses are recorded on a cash basis.

(c) Capital Assets:

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

(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

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO THE COURT SERVICES FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. Significant accounting policies (continued):

determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

2. Transfer to Niagara Region:

Transfers Related to Base Operations

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

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

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

Transfers Related to Automated Enforcement Operations

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

THE REGIONAL MUNICIPALITY OF NIAGARA
NOTES TO THE COURT SERVICES FINANCIAL STATEMENTS

For the year ended December 31, 2023

3. Distribution to area municipalities:

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

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

4. Program support costs:

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

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

THE REGIONAL MUNICIPALITY OF NIAGARA
NOTES TO THE COURT SERVICES FINANCIAL STATEMENTS

For the year ended December 31, 2023

4. Program support costs (continued):

Program support costs which have been allocated are:

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

Program Support Costs Excluding Automated Enforcement:

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

THE REGIONAL MUNICIPALITY OF NIAGARA
NOTES TO THE COURT SERVICES FINANCIAL STATEMENTS

For the year ended December 31, 2023

4. Program support costs (continued):

Program Support Costs for Automated Enforcement Only:

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

5. Comparative Figures

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

THE REGIONAL MUNICIPALITY OF NIAGARA

SCHEDULE 1 – COURT SERVICES – EXCLUDING AUTOMATED ENFORCEMENT – SCHEDULE OF REVENUES, EXPENDITURES AND FUNDS AVAILABLE FOR DISTRIBUTION

For the year ended December 31, 2023

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

THE REGIONAL MUNICIPALITY OF NIAGARA

SCHEDULE 2 – COURT SERVICES – AUTOMATED ENFORCEMENT – SCHEDULE OF REVENUES, EXPENDITURES AND FUNDS AVAILABLE FOR DISTRIBUTION

For the year ended December 31, 2023

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

Statistical



Niagara's Mobile
Dental Clinic
On the road for healthy smiles



**Free preventive dental services
for children and youth 17 years
of age and younger**

**Niagara Region Public Health and Emergency
Services is committed to providing programs
and services to meet the needs of the
communities we serve.**



Five Year Statistical Review

Year ended December 31, 2023, with comparative information for 2022-2019 (unaudited – in thousands of dollars)

	2023	2022	2021	2020	2019
Consolidated Financial Position					
Financial Assets					
Cash	\$ 107,166	\$ 128,746	\$ 169,862	\$ 224,114	\$ 135,681
Investments	845,442	832,296	787,658	658,015	635,596
Accounts receivable	125,519	105,156	104,799	78,204	80,140
Other current assets	630	1,005	1,109	948	417
Tangible capital assets held for sale	400	400	400	850	1,760
Debt recoverable from others	343,472	341,860	345,859	324,254	316,419
Total financial assets	1,422,629	1,409,463	1,409,687	1,286,385	1,170,013
FINANCIAL LIABILITIES					
Accounts payable and accrued liabilities	217,859	180,988	172,733	157,970	129,782
Employee future benefits and post-employment liabilities	140,995	131,906	124,330	116,148	109,462
Deferred revenue	386,326	339,149	289,795	235,356	219,750
Asset retirement obligations *	151,110	77,703	78,250	67,872	61,277
Contaminated sites liability	576	576	576	576	-
Long-term liabilities	709,742	738,571	762,474	740,201	695,904
Capital lease obligation	4,082	4,144	4,204	4,262	4,352
Total financial liabilities	1,610,690	1,473,037	1,432,362	1,322,385	1,220,527
Net debt	(188,061)	(63,574)	(22,675)	(36,000)	(50,514)
NON-FINANCIAL ASSETS					
Tangible capital assets	2,396,341	2,097,154	2,053,549	1,903,743	1,823,929
Inventory	13,702	10,567	9,298	8,485	7,498
Prepaid expenses	26,848	21,784	19,329	19,522	18,609
Other investment	875	-	-	-	-

	2023	2022	2021	2020	2019
Total non-financial assets	2,437,766	2,129,505	2,082,176	1,931,750	1,850,036
Accumulated surplus	\$2,249,705	\$2,065,931	\$2,059,501	\$1,895,750	\$1,799,523

* In 2023 Niagara Region adopted PSAS 3280 Asset Retirement Obligations on a prospective basis which replaced PSAS 3270 Solid Waste Landfill Closure & Post Closure Liability which were used in the 2019 – 2022 statistics.

Five Year Statistical Review

Year ended December 31, 2023, with comparative information for 2022-2019 (unaudited – in thousands of dollars)

	2023	2022	2021	2020	2019
NET LONG-TERM LIABILITIES					
Total long-term liabilities	\$ 735,328	\$ 761,659	\$ 783,184	\$ 758,658	\$ 712,170
Sinking fund assets	(25,586)	(23,088)	(20,710)	(18,457)	(16,266)
Debt recoverable from others	(343,472)	(341,860)	(345,859)	(324,254)	(316,419)
Net Long-Term Liabilities	366,270	\$ 396,711	\$ 416,615	\$ 415,947	\$ 379,485
Recovered from:					
Tax levy	268,167	304,080	322,552	333,159	310,779
Special levy	12,931	8,540	-	-	-
Rate supported	85,462	104,425	94,040	82,788	68,706
	366,560	417,045	416,592	415,947	379,485
Net long-term liabilities per capita	\$697	\$ 800	\$ 859	\$ 863	\$ 792

Annual Repayment Limit

	2023	2022	2021	2020	2019
25% of own source revenues	\$206,825	\$ 180,207	\$ 172,188	\$ 163,861	\$ 158,216
Debt payments (interest and principal)	\$48,033	\$ 47,246	\$ 46,666	\$ 46,351	\$ 49,310
Debt payments as a percentage of own source revenue	5.8%	6.6%	6.8%	6.9%	7.8%
Annual repayment limit (\$)	\$158,792	\$ 133,067	\$ 125,522	\$ 117,510	\$ 108,906
Debt payments per capita	\$91	\$ 95	\$ 94	\$ 94	\$ 98
Debt payments as a percentage of total expenses	3.7%	4.3%	4.4%	4.6%	5.0%

Five Year Statistical Review

Year ended December 31, 2023, with comparative information for 2022-2019 (unaudited – in thousands of dollars)

Consolidated Statement of Operations

	2023	2022	2021	2020	2019
REVENUES BY SOURCE					
Property taxpayer	\$ 466,042	\$ 441,801	\$ 423,319	\$ 409,551	\$ 383,481
Sewer charges	93,667	85,065	80,333	78,648	74,382
Water charges	50,566	47,922	44,711	44,913	43,245
Waste management	52,652	60,648	59,533	49,925	45,717
User charges	138,714	60,074	52,094	52,582	60,379
Government of Canada grants	42,855	33,685	30,586	31,841	26,690
Province of Ontario grants	439,613	384,021	359,896	354,193	320,813
Other municipalities	1,123	2,635	11,070	640	861
Development charges	51,512	36,935	28,771	33,428	19,814
Investment income	16,728	20,637	15,787	15,343	18,176
Court services	8,111	5,057	6,121	5,068	7,025
Gain on transfer of tangible capital assets	-	(77,745)	46,994	-	-
Contributed tangible capital assets	78,106	-	-	-	-
Miscellaneous income/other	25,245	15,469	30,705	9,136	8,710
Total revenue by source	1,464,935	1,116,203	1,189,920	1,085,268	1,009,293
EXPENSE BY FUNCTION					
General Government	50,272	39,164	54,972	52,542	43,503
Protection to persons and property	228,939	217,074	211,781	196,100	192,662
Transportation services	150,912	80,930	75,045	87,555	72,933
Environmental services	182,434	176,583	166,576	154,424	150,408
Health services	141,821	141,772	135,532	114,626	107,966
Social and family services	401,646	351,694	299,911	308,768	302,631

	2023	2022	2021	2020	2019
Social housing	80,579	70,220	66,112	64,707	63,964
Recreation services	1,801	920	-	-	-
Planning and development	42,757	31,416	16,240	10,318	17,830
Total expenses by function	1,281,161	1,109,773	1,026,169	989,040	951,897
Annual Surplus	183,774	6,430	163,751	96,228	57,396
Accumulated surplus, beginning of year	2,065,931	2,059,501	1,895,750	1,799,522	1,742,126
Accumulated surplus, end of year	\$2,249,705	\$2,065,931	\$2,059,501	\$1,895,750	\$1,799,522
ANALYSIS OF EXPENSES BY OBJECT					
Salaries, wages and employee benefits	\$ 567,388	\$ 503,681	\$ 484,621	\$ 444,021	\$ 422,502
Operating expenses	372,163	319,465	293,445	270,961	257,942
External transfers to others	220,129	176,172	140,916	168,153	171,008
Debt services	13,803	14,243	14,270	13,574	13,256
Amortization	107,678	96,212	92,917	92,331	87,189
Total expenses by object	\$1,281,161	\$1,109,773	\$1,026,169	\$ 989,040	\$ 951,897

Five Year Statistical Review

Year ended December 31, 2023, with comparative information for 2022-2019 (unaudited – in thousands of dollars)

Consolidated Statement of Change in Net Debt

	2023	2022	2021	2020	2019
Annual surplus	\$ 183,774	\$ 6,430	\$ 163,751	\$ 96,228	\$ 57,396
Acquisition of tangible capital assets	(341,426)	(217,611)	(185,994)	(172,451)	(158,046)
Contributed tangible capital asset	(78,106)	-	(11,547)	(951)	(142)
Transfer to (from) tangible capital assets held for sale	-	-	(450)	(910)	1004
Amortization of tangible capital assets	107,678	96,212	92,917	92,331	87,189
Loss (gain) on transfer of assets	-	77,745	(46,994)	-	-
Gain (loss) on sale of tangible capital assets	(498)	(246)	1,013	1,973	197
Proceeds on sale of tangible capital assets	13,165	295	1,250	194	568
Write down on tangible capital assets held for sale	-	-	-	-	418
Change in inventory	(3,135)	(1,269)	(813)	(987)	(138)
Change in other investment	(875)	-	-	-	-
Change in prepaid expenses	(5,064)	(2,455)	192	(913)	2,227
Change in net debt	(124,487)	(40,899)	13,325	14,514	(9,327)
Net debt, beginning of year	(63,574)	(22,675)	(36,000)	(50,514)	(41,187)
Net debt, end of year	\$(188,061)	\$(63,574)	\$(22,675)	\$(36,000)	\$(50,514)
RESERVES					
Capital	\$ 111,790	\$ 119,943	\$ 138,527	\$ 143,821	\$ 169,677
Stabilization	69,462	86,432	96,643	84,030	51,974
Future Liability	21,910	44,284	46,600	47,617	43,415
Specified Contribution	42,619	20,307	9,233	7,983	1,419
Total	\$ 245,780	\$ 270,965	\$ 291,002	\$ 283,451	\$ 266,485

	2023	2022	2021	2020	2019
REVENUE ANALYSIS					
Property taxes and user charges as a percentage of consolidated revenue	54.7%	62.3%	55.5%	58.6%	60.2%
Total grants as a percentage of consolidated revenue	33.0%	37.7%	33.8%	35.6%	34.5%

Tax Levy

	2023	2022	2021	2020	2019
Regional tax levy	\$ 444,447	\$ 422,301	\$ 405,301	\$ 392,570	\$ 365,726
Regional government tax levy change (Net tax increase/decrease after assessment growth)	7.58%	2.87%	1.80%	5.92%	3.82%

Taxable Assessment

	2023	2022	2021	2020	2019
Residential and farm	\$56,407,322	\$55,318,603	\$54,347,323	\$53,383,248	\$50,585,629
Commercial, industrial and business	8,478,719	8,397,661	8,413,471	8,407,236	8,071,174
Total	\$64,886,040	\$63,716,264	\$62,760,794	\$61,790,484	\$58,656,802
Per household	\$264,653	\$260,647	\$263,731	\$261,947	\$250,676
Commercial, industrial, business, as a % of taxable assessment	13.1%	13.2%	13.4%	13.6%	13.8%
Typical residents' annual regional property taxes (Average assessment for the Region)	\$1,743	\$1,684	\$1,640	\$1,602	\$1,517

Five Year Statistical Review

Year ended December 31, 2023, with comparative information for 2022-2019 (unaudited – in thousands of dollars)

Top Five Regional Commercial Taxpayers

- OBP 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.
- Cyttec Canada Inc.

Niagara Region Top Employers (Total Number of Employees)

1. Niagara Health System
2. District School Board of Niagara
3. Brock University
4. Niagara Region
5. Niagara Fallsview Casino Resort

Five Year Statistical Review

Year ended December 31, 2023, with comparative information for 2022-2019 (unaudited – in thousands of dollars)

Statistics

	2023	2022	2021	2020	2019
DEMOGRAPHIC STATISTICS					
Population (a)	525,352	496,059	484,840	481,727	479,183
Median population age (a)	46.0	46.0	46.0	46.0	46.0
Number of households (b)	213,137	212,236	206,071	203,794	201,797
Total school enrollment (e)	66,114	61,444	60,287	59,936	59,954
ECONOMIC STATISTICS					
Average household income (c)	\$ 102,675	\$ 97,200	\$ 93,357	\$ 91,842	\$ 90,361
Niagara Region government full-time employees	4,243	4,163	4,292	4,009	3,821
Unemployment rates (a):					
Niagara Region	5.8%	5.2%	9.8%	9.6%	5.8%
Ontario	5.7%	5.6%	8.0%	9.6%	5.6%
Canada	5.4%	5.3%	7.5%	9.5%	5.7%
Average monthly Ontario Works caseloads	11,774	9,887	8,312	9,754	10,084
Housing starts (d)	2,810	2,771	2,698	2,897	3,077
OPERATIONAL STATISTICS					
Annual disposal residential solid waste (metric tonnes) (Note 1)	78,913	78,913	85,391	91,186	88,126
Annual diversion of residential solid waste (metric tonnes) (Note 1)	121,345	126,535	126,535	119,050	110,715
Annual supply of treated water (000 m3)	56,474	56,239	54,065	55,517	55,458
Annual wastewater flows (000 m3)	76,722	71,427	67,111	69,213	79,271

Five Year Statistical Review

Year ended December 31, 2023, with comparative information for 2022-2019 (unaudited – in thousands of dollars)

Building Permit Values

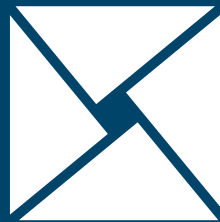
	2023	2022	2021	2020	2019
Residential & agricultural (a)	\$1,010,278	\$1,390,753	\$1,180,978	\$948,139	\$919,644
Business & commercial (a)	137,456	152,190	132,401	272,229	289,118
Industrial (a)	166,679	116,825	104,997	68,917	47,560
Government & institutional (a)	151,936	94,410	296,109	88,027	69,669
	\$1,466,349	\$1,754,178	\$1,714,485	\$1,377,312	\$1,325,991

Note:

1. 2023 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
- (e) District School Board of Niagara and Niagara Catholic District School Board



**Growing
Better
Together**

Niagara  Region

2023 Annual Financial Report

niagararegion.ca

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June 2024