



TWENTY22

Annual Financial Report

For the year ended Dec. 31, 2022
Niagara Region | Ontario Canada
niagararegion.ca

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SECTION 1

Introduction

Crystal Beach Waterfront Park
Photo by: Dhaval Lakhani, Thorold

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



Welland Canal, photo by Mark Zelinski

Purpose

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

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

Vision

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

Mission

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

Values

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

Respect

We treat everyone equitably with compassion, sensitivity and respect.

Serve

We serve Niagara with pride, care and excellence.

Honesty

We value honesty, integrity and trust.

Choice

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

Partnerships

We foster collaboration and value partnerships.





Jim Bradley
Regional Chair

2018 - 2022 Regional Council

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



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



Mike Britton
St. Catharines



Barbara Butters
Port Colborne



David Bylsma
West Lincoln



Frank Campion
Welland



Pat Chiocchio
Welland



George Darte
St. Catharines
(Resigned March 2022)



Jim Diodati
Niagara Falls



Betty Disero
Niagara-on-the-Lake



Sandra Easton
Lincoln



Kelly Edgar
St. Catharines



Wayne Fertich
Grimsby



Robert Foster
Lincoln



Bob Gale
Niagara Falls



Kevin Gibson
Wainfleet



Barbara Greenwood
Niagara Falls



Brian Heit
St. Catharines



Diana Huson
Pelham



Tom Insinna
Fort Erie



Laura Ip
St. Catharines



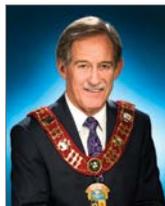
Jeff Jordan
Grimsby



Marvin Junkin
Pelham



Peter Nicholson
Niagara Falls



Wayne Redekop
Fort Erie



Tim Rigby
St. Catharines



Walter Sendzik
St. Catharines



Mat Siscoe
St. Catharines



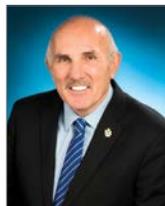
Bill Steele
Port Colborne



Terry Ugolini
Thorold



Leanna Villella
Welland



Tim Whalen
Thorold



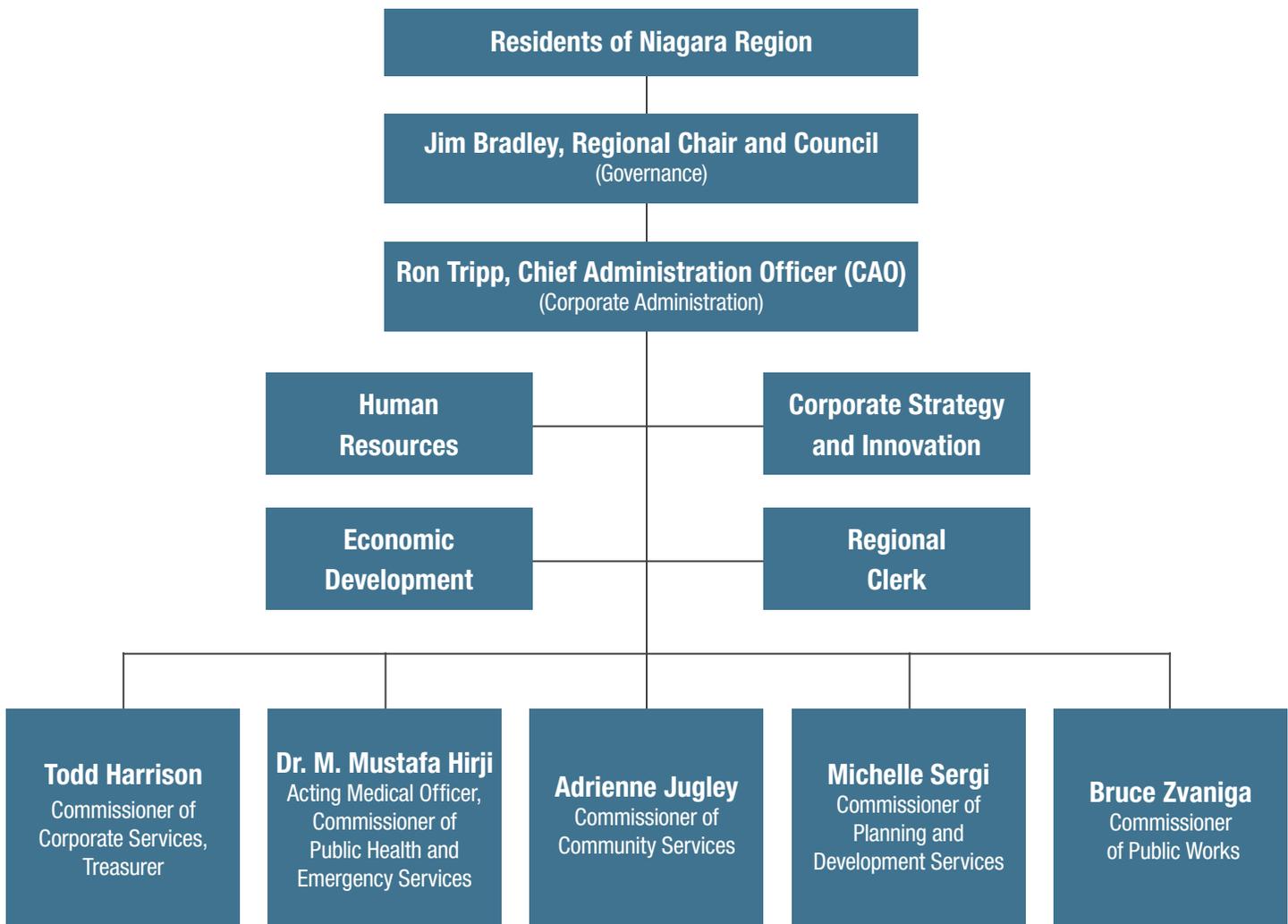
Albert Witteveen
West Lincoln



Gary Zalepa
Niagara-on-the-Lake



Niagara Region Organizational Chart



Regional Council Committees

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

Boards and Agencies

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

Other Supporting Services

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





Message From

Jim Bradley

Niagara Regional Chair

It is my pleasure to provide introductory remarks to the Annual Financial Report highlighting some of the outstanding work carried out by Niagara Region over the last year.

There is no need for me to recap in detail the many challenges we all have endured during this recent period. Recovery from the pandemic, soaring inflation, labour shortages, supply chain issues and the changing dynamics in the housing market are just some of the issues that drove decision-making at the municipal government level.

Despite the hurdles we faced, Niagara Region continues to innovate and deliver the programs and services that our residents and business rely on every day. In addition, I am proud to share that Niagara Regional Council made significant headway on the large-scale transformative projects that address the most pressing needs of our communities and region, including:

- **Transit amalgamation** – Regional Council achieved a triple majority decision to form a new, fully integrated transit system, with the service launching Jan. 1, 2023
- **Supporting the 2022 Canada Summer Games** - Niagara Region, in partnership with other levels of government, completed the world-class sporting facility that will serve Niagara for generations to come
- **South Niagara Falls Wastewater Treatment Facility**
Planning continued on a new, 30-million litre per day wastewater treatment plant in the south end of Niagara Falls that will meet existing and future growth in the region
- **Modernization of Customer Service** - A multi-year plan to modernize customer service at the Region took effect, focusing on leveraging technology to provide a seamless customer experience across multiple platforms

- **Expanded local health care** - A \$55 million commitment toward the provincial redevelopment of West Lincoln Memorial Hospital and the new South Niagara Hospital will ensure residents get access to quality care, close to home

I also want to note credit rating agency Standard and Poor's (S&P) upgraded Niagara Region's credit rating to an "AA+" standing, from "AA". The improved rating affirms the municipality's strong financial position and its continued commitment to the delivery of high-quality service.

The last 12 months have been challenging on many fronts but Members of Council and Regional staff remained steadfast in their dedication and commitment to serving the people of Niagara.

Looking ahead to the next term of Regional Council, I see nothing but possibilities. For the next four years, our Regional municipality will focus on what is possible instead of the barriers to our success.

Going forward, we will continue to work hard to address the issues that are important to our residents and businesses and ensure the decisions that we collectively make will have a lasting legacy for years to come.

After the challenges we have faced in recent years, I am optimistic that the days ahead will be a time of great opportunity for Niagara.

Jim Bradley, Chair
Niagara Region

Where are we?

Niagara Region offers our residents a mix of urban and rural living amidst the lush Southern Ontario greenbelt. Residents and visitors to the region enjoy celebrating events such as welcoming athletes to the Canada Summer Games, the Niagara Wine Festival in St. Catharines, Canal Days in Port Colborne or our New Year's Celebration in Niagara Falls. The region is home to an abundance of culture, from museums to art galleries and highly revered restaurants.

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

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

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



Photo Credit: Howie Adams. Scotty Helman performs at the 13 for 13 Cultural Festival Event for the Canada Summer Games

Where are we going?

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

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



From left to right, Jim Bradley, Regional Chair, Niagara Region; Alyssa General, Graphic Designer; Cassie Ogunniyi, Manager of Diversity, Equity and Inclusion and Indigenous Relations, Niagara Region; Karl Dockstader, Executive Director, Niagara Regional Native Centre; Terry Ugolini, Mayor, City of Thorold; and Dr. Robyn Bourgeois, Vice Provost Indigenous Engagement, Brock University.



Diverging Diamond Interchange under construction in December 2022

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

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



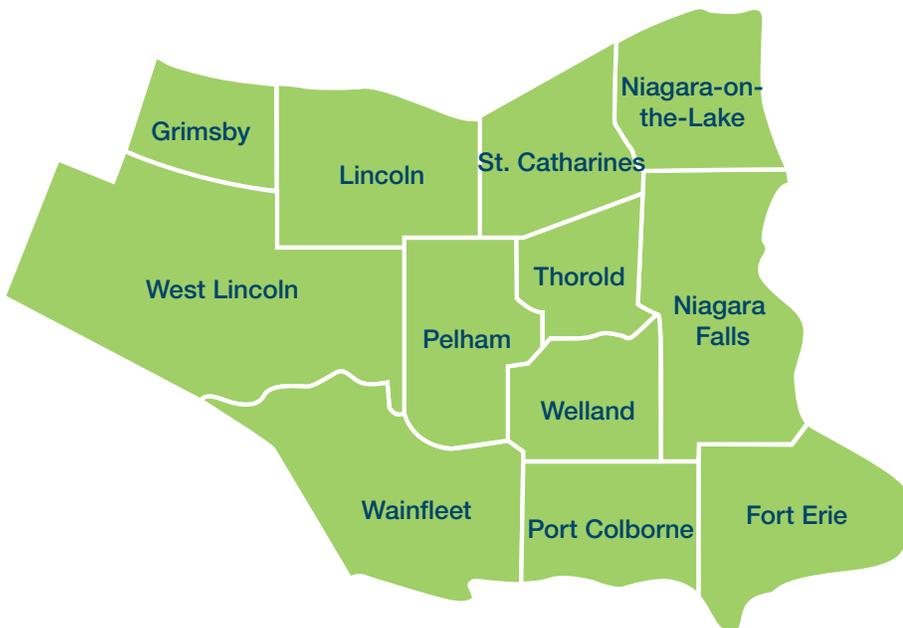
Two-Tier Government System

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

Regional Programs And Services

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

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



If Niagara had 100 people....

- 7** would live in Fort Erie
- 6** would live in Grimsby
- 5** would live in Lincoln
- 20** would live in Niagara Falls
- 4** would live in Niagara-on-the-Lake
- 4** would live in Pelham
- 4** would live in Port Colborne
- 30** would live in St. Catharines
- 4** would live in Thorold
- 1** would live in Wainfleet
- 12** would live in Welland
- 3** would live in West Lincoln



Niagara Region's population is

496,059



After taxes, the median family income would be

\$72,105



Median age is

46 YEARS



93%
Employed



Departmental Snapshot



155 Million Litres

per day of safe and reliable drinking water is supplied

188 Million Litres

per day of sewage is treated



68,867

911 calls responded to in 2022



Operates Eight Long-Term Care Homes with
952 Beds



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



15,400 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



11,445
Inspections

completed by Public Health inspectors in 2022



25,086

Provincial Offences Act charges in 2022



\$57 Million

Awarded contract value in 150 Formal Procurements in 2022



+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 held office until November 14, 2022.



Corporate Administration

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



Community Services

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



Corporate Services

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



Planning and Development

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



Public Health and Emergency Services

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



Public Works

Public Works staff provide critical foundational 24 hours a day, 365 days a year services as well as maintaining and operating essential infrastructure. From turning on a tap or flushing a toilet to driving on a regional road, disposing of garbage or processing recyclables, or taking transit between municipalities, Public Works plays an integral role in our everyday lives. Public Works is composed of GO Implementation Office, Transportation Services, Waste Management Services, and Water and Wastewater Services. In 2022, a new, fully integrated regional transit system was created with service launching on Jan. 1, 2023.





Niagara Regional Housing

Niagara Regional Housing (NRH) provides and supports low-income housing in Niagara through new development and public housing (NRH owned units operated under the governance of the NRH Board of Directors). 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 in a typical year. Niagara Region Police Service aims to provide quality policing services with integrity.

Photo: Jacqueline D Fuentes



Niagara Peninsula Conservation Authority

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

Photo: Michelle VanderGugten



Provincial Offences Court, Niagara Region Courts

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



2019-2022

Council Strategic Priorities

Supporting Businesses and Economic Growth

A coordinated approach to fostering economic growth in Niagara.

Healthy and Vibrant Community

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

Responsible Growth and Infrastructure Planning

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

Sustainable and Engaging Government

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

Cherry blossom in Grimsby,
Photo by: Alana Paolasini, Grimsby

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



Priority 1

Supporting Business And Economic Growth

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

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

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

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



Walker Sports and Abilities Centre

Top Projects



Ten Year Economic Development Strategy

Outlines goals and actions that will guide staff as they collaborate with partners to build a strong and sustainable economy together. The Strategy will align with the new Niagara Official Plan and municipal strategies, and be adaptable over time to navigate the changing market conditions. A key part of the strategy will also focus on five emerging sectors that have been identified as potential growth opportunities.



Development Portal Project

Niagara Region is replacing its current development tracking system with a new solution that will modernize the approval process of municipal and regional development applications, streamlining by implementing efficiencies to benefit applicants, developers, planning staff, and commenting agencies.



Niagara Regional Transit Commission

A full suite of financial, procurement, facilities management and budget processes were employed to support the new Niagara Regional Transit Commission.



GO Rail Expansion

Niagara Region continued advancement of the multi-site GO Station Development Strategy, including acquisition and transformation of the historic VIA Rail Stations at St. Catharines and Niagara Falls as part of an extensive multi-modal transit hub redevelopment.



PRIORITY 2

Healthy and Vibrant Community

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

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

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



Clockwise from top left: Public Health Niagara Parents Outreach event, Linhaven Long-term care home redevelopment construction, Niagara Regional Housing York Street project in Welland, Group of licensed Home child Care providers

Top Projects



Health Promotion Project

Currently in its final phase, this project seeks to maximize the impact of our health promotion work by empowering Public Health's health promotion practitioners, improving planning processes, enhancing collaboration, and making more strategic use of our resources.



Health Equity Strategic Plan

Recognizing that 60 per cent of health outcomes are the consequence of the socioeconomic and environmental conditions in which we live, this plan seeks to maximize Niagara's efforts to create the conditions for everyone in our community to reach their full health potential, by focusing on four key areas: data and program planning; skills and capacity, collaboration; and communication.



Built for Zero

In 2018, Niagara had a successful application to join this national program in addressing chronic homelessness through the use of best practice, and shared learning from across the country. Since that time Niagara has achieved a quality by name list, increased Niagara's supportive housing stock, advanced a local encampment and outreach strategy and, in 2022, launched the innovative Bridge Housing Program.



Vision Zero Road Safety

Vision Zero strives to eliminate traffic fatalities and serious injuries on Regional roads while increasing healthy, equitable mobility for all users.

In 2023, Niagara Region will implement 10 Red light Camera and four Automated Speed Enforcement systems to encourage compliance with safe driving practices with a focus on protecting vulnerable road users.



Priority 3

Responsible Growth and Infrastructure Planning

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

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



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

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



Clockwise left to right: New roundabout for Dominion Road in Fort Erie, Inaugural meeting for Niagara Transit Commission Front Row: Norm Arsenault; Jim Bradley; Walter Sendzik; Wayne Fertich; Wayne Redekop. Middle Row: Leo VanVliet; Barbara Greenwood; JD Pachereva; William Reilly; Donna Cridland; Tim Whalen Back Row: Wayne Olson; Ron Tripp; Greg Miller; Mat Siscoe, Climate Change Summit signed commitment Regional Councillor Diana Huson, Lynn Wells, Provost and Vice-President Academic at Brock University and Regional Chair Jim Bradley

Top Projects



Development Charges By-Law

Change to Adoption of the 2022 Development Charges By-law for regional and transit services through the successful collaboration with area municipalities.



EMS System Transformation

A three-phase project begun in 2018 to manage rising numbers of 9-1-1 calls, while also providing more appropriate care to callers. It applies a much more complex approach to care than the linear models typical in Ontario, an approach that will change how most of us experience out-of-hospital health care.



Seniors Services Redevelopment Construction Projects

Linhaven Long-Term Care Home and Wellness Centre and Gilmore Lodge Long-Term Care Home and Wellness Centre.



South Niagara Falls Wastewater Solutions

Planning continued on a new, 30-million litre per day wastewater treatment plant and changes to existing pumping stations, forcemains in the south end of Niagara Falls will meet existing and future growth in population and employment in the region.



Priority 4

Sustainable and Engaging Government

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

Niagara Region continues to build bridges with the Indigenous Community. We continue to take all opportunities to engage with local Indigenous leaders, while also taking action on the relevant Calls to Action found in the Truth and Reconciliation Commission report.

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



New Customer Services Reception desk at Niagara Region Headquarters

Top Projects



Sustainability and Greening Initiatives

A package of initiatives to improve the natural environment and climate resiliency were advanced in 2022:

- Natural asset inventory and tree canopy assessment
- Development of Environmental impact statement (EIS) guidelines
- Low impact development standards
- Climate modelling



Cyber Security Program

Critical cyber security program developed collaboratively with area municipalities and broader public sector partners.



Residential Blue Box (Recycling) Transition to Producer Responsibility

By Dec. 31, 2025 the residential Blue Box programs in Ontario will move to a single, provincial collection system funded, governed and operated by the producers. Niagara Region transitions out of the existing program on Jan. 1, 2024. Several transition consideration/decisions will need to be made such as if Niagara Region will administer collection contracts on behalf of PROs and whether we will continue other services not covered under the new program that we currently provide.



Modernization of Customer Service

A multi-year plan to modernize customer service at the Region focused on leveraging technology in order to provide a seamless customer experience across multiple platforms while delivering consistent and personalized service anytime and anywhere.



Recovery and Response

Supporting Our Community During COVID-19

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

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



Public Health COVID-19 Vaccination Clinic staff and participants

2022 COVID-19 Response

COVID-19 Vaccination



Public Health administered over
103,000 doses
of COVID-19 vaccine to Niagara Residents

Public Health



Responded to over
29K COVID-19
related questions through the call centre and live chat

Clinics



143 Pop-Up Clinics
23 Fixed Clinics

Outbreaks



Managed over
306 confirmed
COVID-19 outbreaks

Public Health



Managed over
16,000
COVID-19 cases

COVID-19 Vaccination



+92,000
residents received at least
one fall booster dose



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 (S&P) upgraded Niagara Region's credit rating to an "AA+" standing, from "AA".



Award for Best Tasting Tap Water

Niagara Region water sample awarded top honours by Ontario Water Works Association (OWWA) during 2022 Conference



2022 Niagara Biennial Design Award Winners

Outstanding achievement - Architecture
Walker Sport and Abilities Centre - Brock University,
City of St. Catharines, City of Thorold, Niagara Region



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

Niagara received the Distinguished Budget Presentation Award for its 2022 Budget



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

In 2022, Niagara Region was recognized for excellence in governmental accounting and financial reporting



Report From The Treasurer

Property Taxes

On December 16, 2021, Regional Council approved a 2.9 per cent increase, net of assessment growth, in Regional taxes for a 2022 tax-supported operating budget with a tax levy of \$422.3 million and a capital budget of \$327.9 million.

The 2022 general levy operating budget included \$30.2 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, \$2.3 million dedicated to bridge housing and permanent supportive housing, \$4.7 million dedicated to supporting critical infrastructure, such as roads reconstruction and bridge replacement, and \$1.9 million in contributions toward local hospital and hospice development. As part of the 2022 budget, \$6 million in reserve funding was used to mitigate the impacts of the operating budget pressures and defer to the tax increase for a reduction of the net impact on the taxpayers from 4.4 per cent to 2.9 per cent.

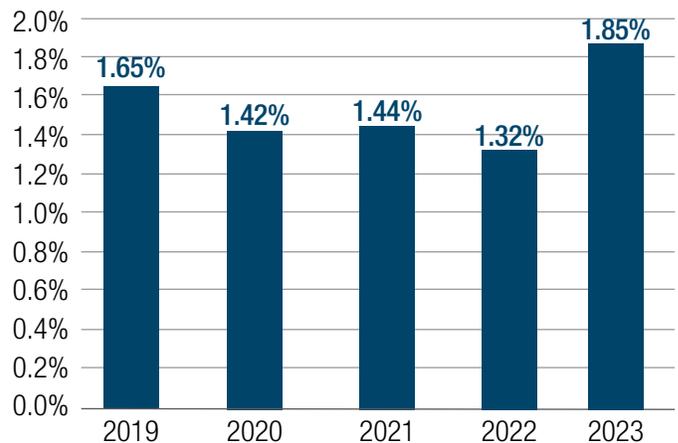
Assessment Growth

Historical assessment growth, being the incremental property taxes paid as a result of an expanding region (new homes and businesses), through 2023 is presented to the right.

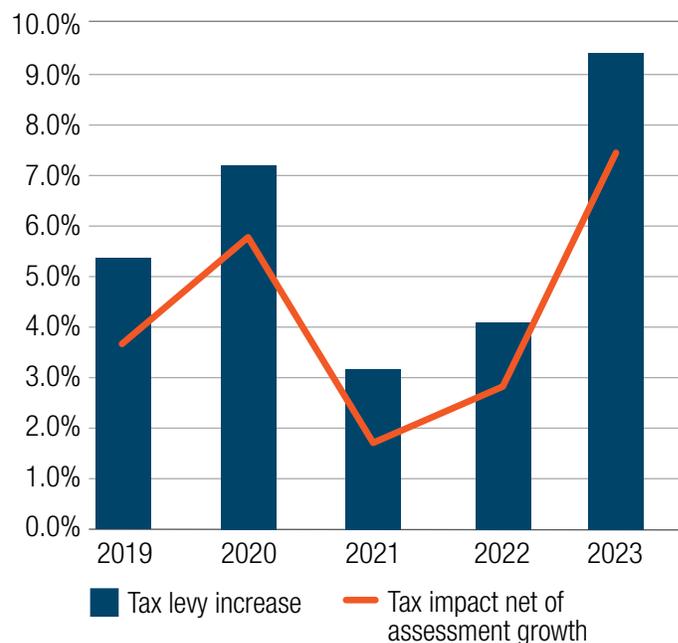
Assessment growth is tied to, but lags behind, building permit values. Although the value of building permits issued has been increasing over the past few years, not all classes of property are taxed at the same rate. The decrease in assessment growth over the prior year can be explained by building permit values issued in year for government and institutional property class – which do not pay taxes – thereby limiting growth.

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

Historical Assessment Growth (per cent)



Historical Tax Levy Increase (per cent)

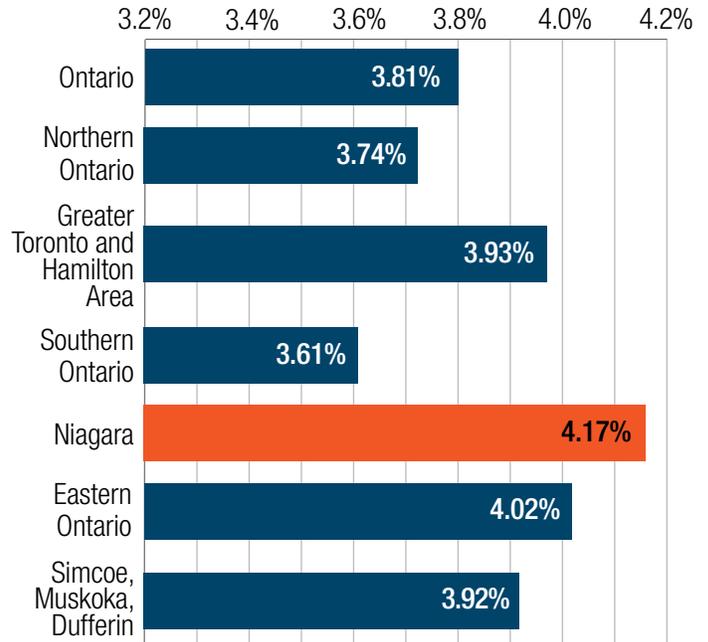


Property Taxes as a Per Cent of Household Income

For the average property assessed at \$278,764 in 2022, the Regional portion of the property tax bill increased by \$46, totalling \$1,684. As a measure of affordability for residents, property taxes as a percentage of household income have remained relatively consistent with a small increase from 2021. In 2022, property taxes for Niagara accounted for 4.17 per cent of household income (2021 – 4.11 per cent).

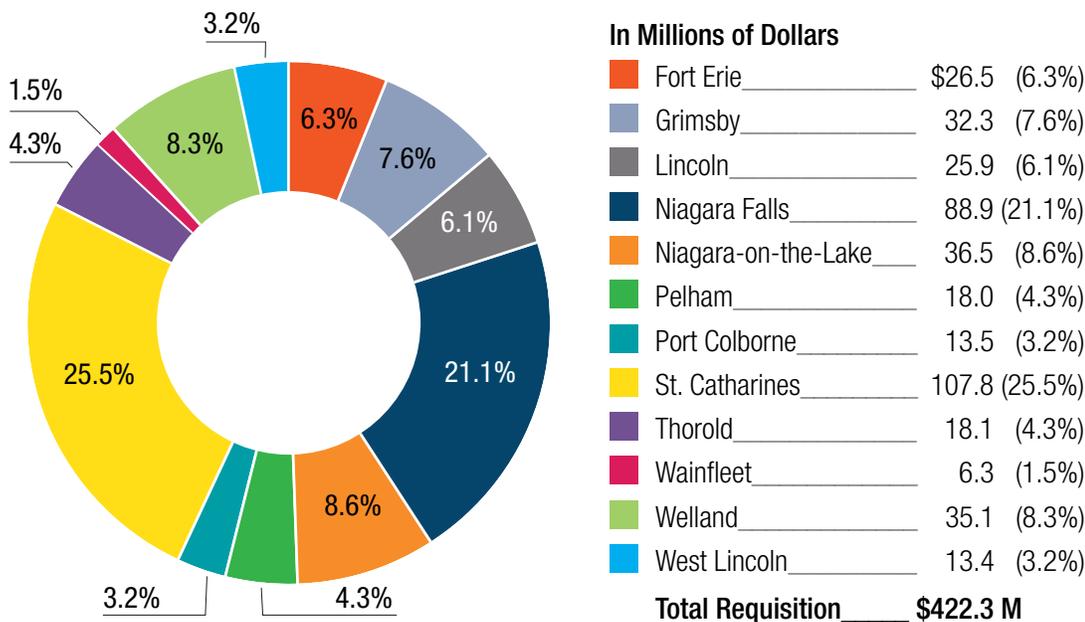
During 2022, Niagara Region collected \$422.3 million in general tax levy from the local area municipalities, excluding payments in lieu and supplemental taxes. A breakdown of the amount and percentage received from each of the local area municipalities is below.

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



2022 Taxation Requisition by Local Area Municipality

(In per cent and millions of dollars)



Regional Economy Highlights

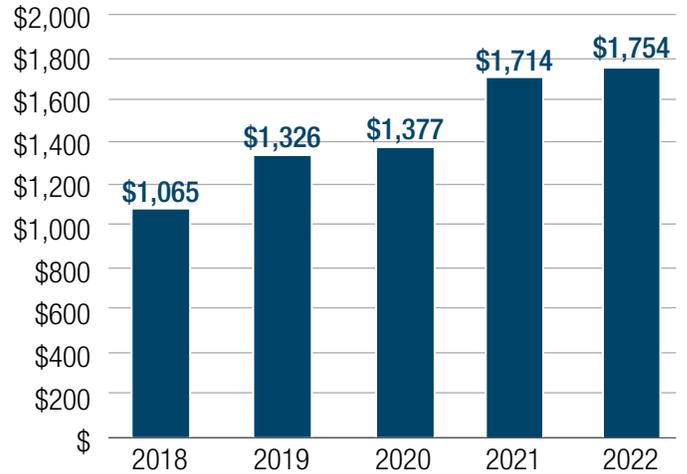
Niagara Region offers a diverse economy that includes manufacturing, tourism, agriculture and agribusiness, transportation and logistics and emerging sectors such as new media, green technology and bioscience.

Building Permits Issued

In 2022, the value of building permits issued total \$1,754 million, which was an increase of approximately \$40 million (2.3 per cent) over the 2021 values of \$1,714 million. The largest amount of building permits issued continues to be the residential and agricultural sector with a total value of \$1,390.8 million in 2022 (2021 - \$1,181.0 million), which accounts for 79.3 per cent (2021 – 68.9 per cent) of total building permits issued. The government and institutional sector was the only sector to experience a decline during 2022, as there were building permits issued totalling \$94.4 million, which is a decrease of \$201.7 million from 2021.

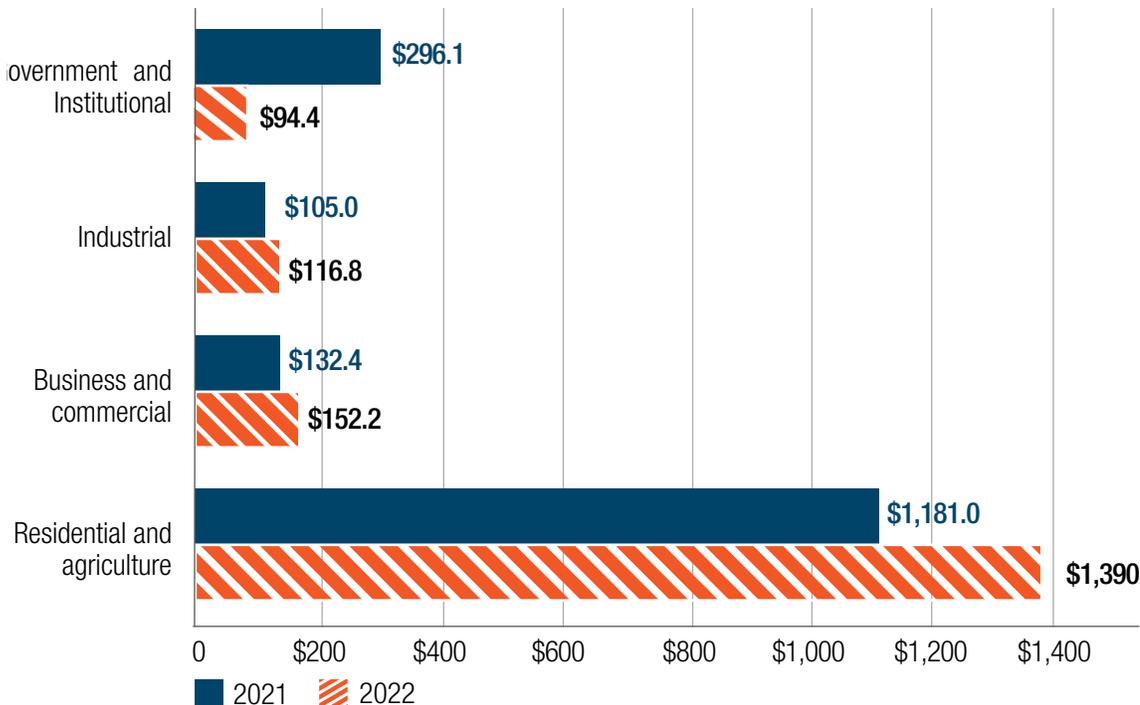
Total Value of Building Permits Issued

(In millions of dollars)



Types of Building Permits Issued in 2022

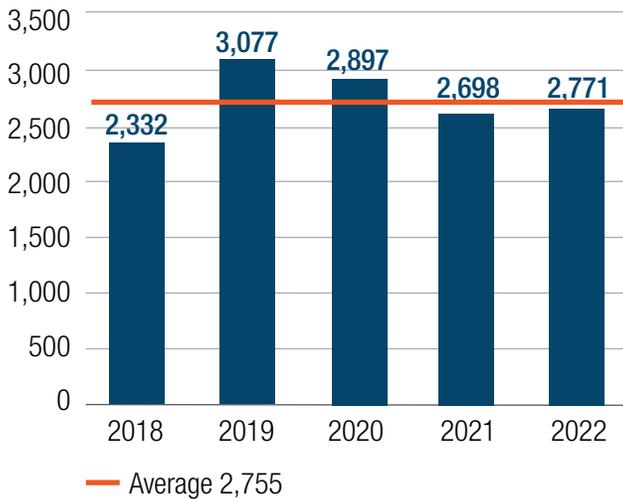
(In millions of dollars)



Housing Starts

This year, the Niagara Region saw a slight increase (2.7 per cent over 2021) in the number of housing starts during the year. In 2022, there was a total of 2,771 housing starts in Niagara. The 2022 housing starts are in line with the five year average of 2,755 housing starts per year.

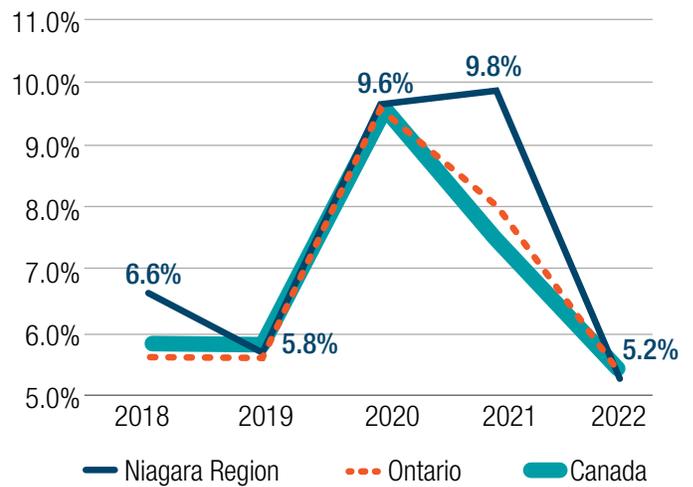
Housing Starts



Unemployment Rates

As in many jurisdictions, Niagara Region's unemployment rate has decreased in 2022 as an effect of recovery from COVID-19. The Niagara Region ended 2022 with an unemployment rate of 5.2 per cent, significantly lower the 2021 rate of 9.8 per cent.

Unemployment Rates (per cent)



Niagara Outlook and Trends

Infrastructure

In June of 2022 Council approved the new 2021 Asset management Plan for Regional assets. The Plan exceeds the requirement of the province's Ontario Regulation 588/17 which requires every municipality to prepare a strategic asset management plan to maintain municipal infrastructure assets. The Plan exceeds the regulatory requirement for reporting on core assets of roads, bridges, water and wastewater and includes Community Housing, Seniors Services, Emergency Medical Services, Police Services, Information Technology, Fleet, Facilities, valued at \$9.8 billion with 32 per cent of these assets in poor condition.

The plan reflects changes since 2016 and 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 will serve 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 renewal investment of \$438 million annually in order to comply with the regulatory requirement to have a financial strategy in place by July 1, 2025 that demonstrates sustainability of assets.

Aging Population

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

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

Population's Median Age



46.0 YEARS - Niagara Region ¹



40.4 YEARS - Ontario ²



41.0 YEARS - Canada ³

¹ Source: 2016 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/(Canadian-Ontario Housing Benefit (COHB) units. In addition, in 2022 Niagara Region opened new community housing including the Victoria St. Bridge Housing Project, the Buchanan Supportive Housing Project, the Hawkins/Heximer NRH projects in Niagara Falls. The Rapid Housing Initiative development under construction in Welland on York Street will be completed in 2023. Additionally, Niagara Region has developed the Community Housing Master Plan. With the aim of supporting new housing builds, Niagara Region has streamlined development approvals for new housing builds and provides development incentives and development charge deferrals on new affordable housing builds.

Cybersecurity

Cyber risks continue to rise as more and more organizations conduct their business and services online. Cyber threats, breaches, ransomware attacks and phishing continue to be a significant risk for organizations, including the Niagara Region. Based on a recent independent C-Suite survey, in 2022, there was an estimated 255 million phishing attempts sent to organizations, a jump of 61 per cent from 2021. 70 per cent of those emails were opened by the recipient.

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

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



Studies show that

95% OF DATA BREACHES

Are caused by human error



Climate Change

The impact of climate change is leading to an increase in the severity and frequency of extreme weather events. As a result, societies are becoming more vulnerable and existing infrastructure is being put under greater pressure. Consequently, the development of more costly infrastructure may be necessary to address these risks. This could require municipalities to have increased budget flexibility. Niagara Region has made significant progress in addressing climate change. This includes the addition of Climate Change Policies in the Niagara Official Plan, the development of the Corporate Climate Change Working Group (CCWG), the initiation of the Climate Change Action Summary, hosting the 2022 Climate Change Summit, and developing the Niagara Climate Change Action Network (NCCAN) and the Niagara Climate Change Municipal Community of Practice (NCCMCP).

Diversity, Equity and Inclusion

Niagara Regional Council approved the Diversity, Equity and Inclusion Action Plan in September 2022. This plan follows the commitment made when the Region and 12 local area municipalities joined the Coalition of Inclusive Municipalities in 2020. The plan was developed through research and collaboration with over 1700 Regional staff and 1600 community members, including Niagara Region's Diversity, Equity, and Inclusion Advisory Committee.

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.

The plan has six focus areas; each with an internal and external goal, and a total of 43 actions.

- Inclusive workplace culture, leadership and accountability
- Increased understanding through education
- Diverse workforce reflective of Niagara community
- Programs and services meet the needs of everyone
- Addressing discrimination
- Inclusive communication

Indigenous Relations

Niagara Region hired two full time Indigenous focused staff who started in May 2022. Two planning sessions were conducted with the Joint Roundtable (Niagara Indigenous Community Executives, Niagara Region Corporate Leadership Team, and senior leaders from Niagara Regional Police Service) to establish inter-agency relationships and co-develop the framework for an Indigenous Action Plan.

In response to community recommendations, in June 2022 Niagara Regional Council endorsed a public statement and commitment to address systemic discrimination and anti-Indigenous racism.

Niagara Region staff successfully completed negotiations with the Mississaugas of the Credit First Nations to create a new over-arching Field Liaison and Archaeological Review Agreement related to Capital Infrastructure Projects.

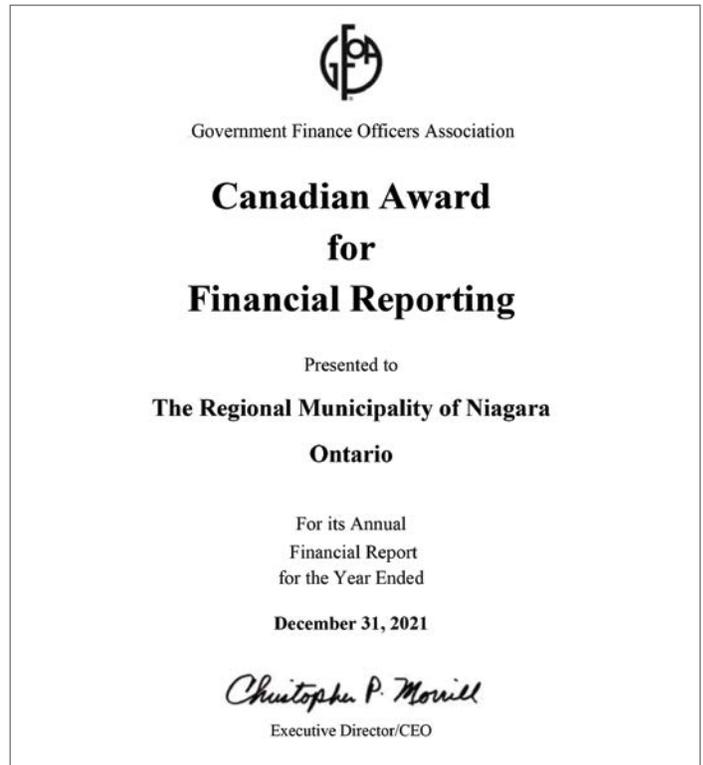


Canadian Award for Financial Reporting

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 eighteenth consecutive year, the GFOA presented Niagara Region with the Canadian Award for Financial reporting for the Region's 2021 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 2022 Annual Report to the GFOA's 2022 award program. GFOA also presented Niagara Region with a Distinguished Budget Presentation Award for the 2022 Budget Plan. This award reflects the commitment of Regional Council, management and staff to meet the highest standards of government budgeting. This is the eighteenth time that Niagara Region has received the award and it represents a significant achievement.





Consolidated Financial 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 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.



Wheat Field in Ridgeway
Photo by: Dureen Vanderlee, Ridgeway

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, 2022.

Tangible Capital Assets and Capital Funding Program

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

The net book value of tangible capital assets, as reported in the consolidated statement of financial position, is \$2.1 billion and is highlighted by the categories in the accompanying chart. Total historical costs are \$3.6 billion and the total accumulated amortization is \$1.5 billion, implying that 42.5 per cent of the estimated useful life of Niagara Region's tangible capital assets have been used in the delivery of programs and services.

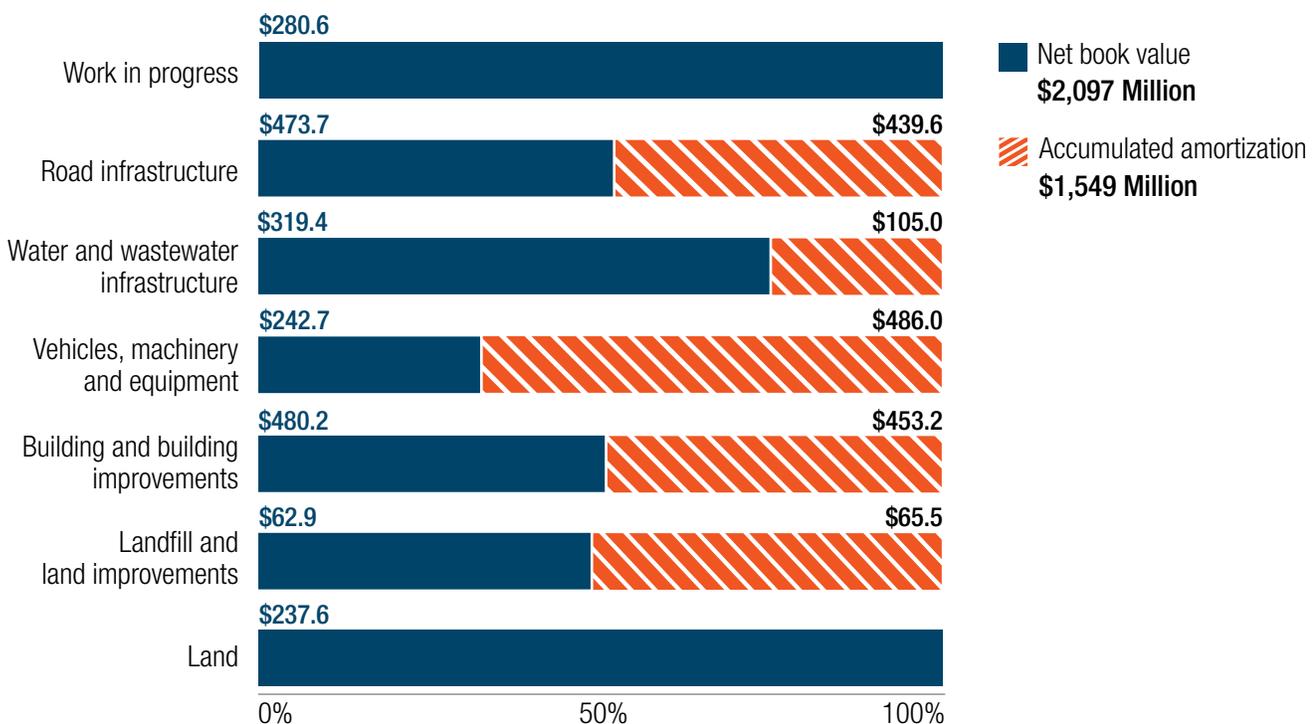
Amortization can be used to estimate future capital spending requirements with the understanding that asset replacement costs will be significantly higher than historical costs.

During the year, Niagara Region acquired \$243 million (2021 - \$245 million) of tangible capital assets. The amortization expense, as reported in the statement of operations, amount to \$96.2 million (2021 - \$92.9 million).

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

Tangible Capital Assets

Net Book Value and Amortization (in millions of dollars)



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

Total request \$3,475 MILLION

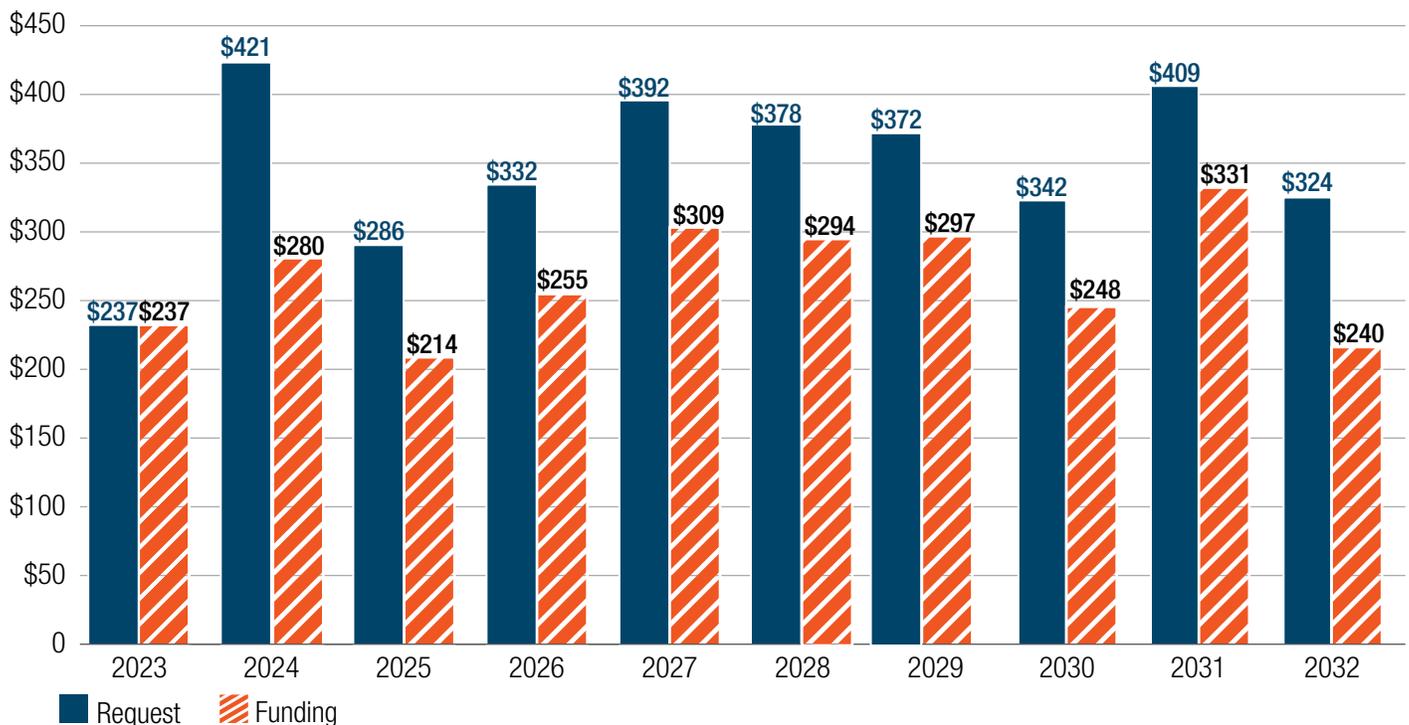
Total funding \$2,705 MILLION

Funding gap..... \$770 MILLION

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

Ten Year Capital Ask

(In millions of dollars)



Debt Position and Long-Term Debt Strategy

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

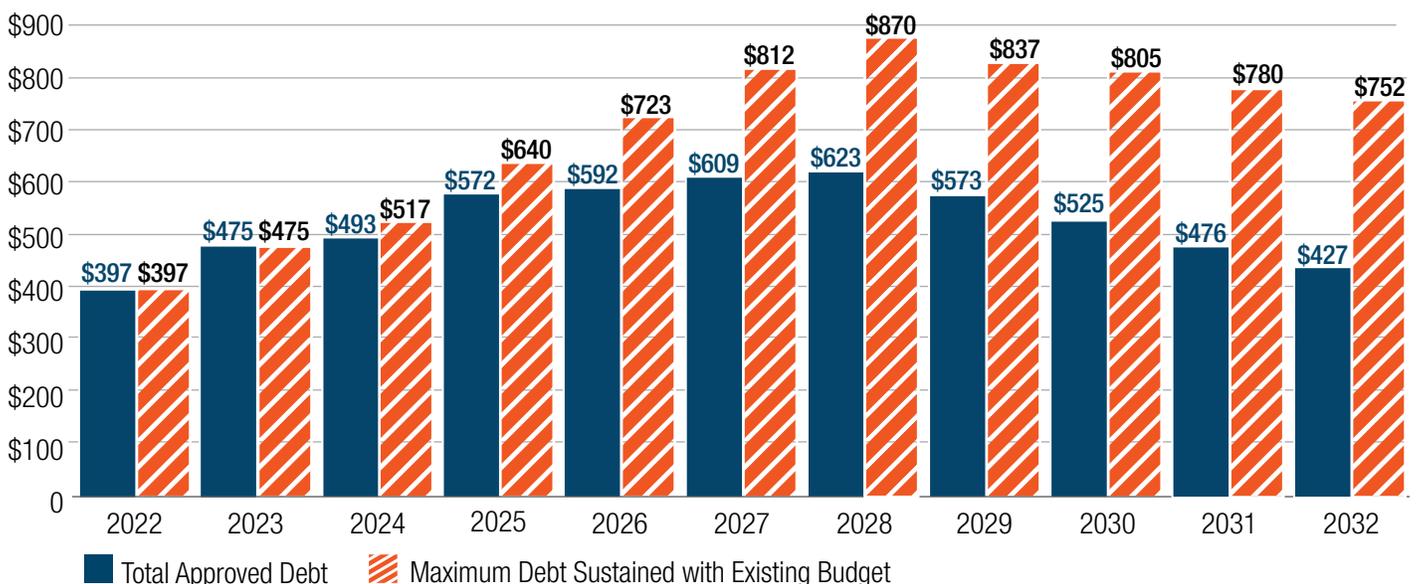
The following chart illustrates the annual projected debt levels over the next 10 years for approved debt, as well as the maximum debt level sustained with existing budget. The maximum debt level sustained with existing budget speaks to the total amount of debt that would be possible for the Region to carry should the decision be made to utilize the existing operating budget made available from debt that is retiring in the year. This strategy may be considered in future years to address the capital infrastructure gap. The increasing trend in maximum debt available is a result of the fact that recent interest rates are more favourable than that on debt that is retiring, allowing for more debt to be serviced with the same amount of annual operating budget. 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.

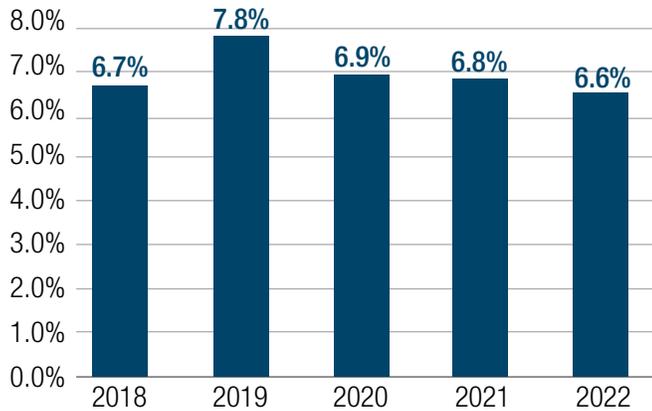
The province's prescribed annual debt repayment limit stipulates that payments relating to all debt and other long-term financial obligations of a municipality may not exceed 25 per cent of own source revenues, including the annual tax levy, rate generated revenue and user fees. Niagara Region's annual repayment limit was 6.9 per cent (2021 – 6.8 per cent) at the end of 2022.

Forecasted Outstanding Debt Principal

(In millions of dollars)



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 \$739 million (2021 - \$762 million), which includes \$342 million (2021 - \$346 million) of debt recoverable from others. Debt recoverable from others accounts for 46.3 per cent of the total debt recorded at the end of 2022 (2021 – 45.4 per cent).

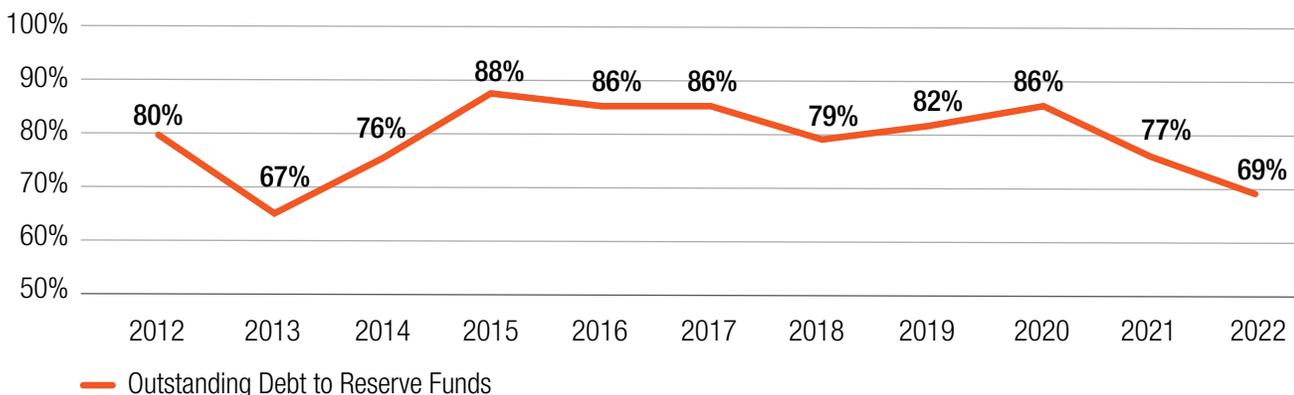
S&P raised Niagara Region's credit rating from "AA" to "AA+" during 2022. The Region's improved standing reflects its ability to maintain financial resiliency over time, including during a significant stress scenario like the COVID-19 pandemic S&P noted Niagara Region did well to manage service levels and expenditures which helped mitigate the financial stress of the pandemic.

This rating was reaffirmed by S&P on October 26, 2022. The ratings reflect S&P's opinion of Niagara's exceptional liquidity, very strong budgetary performance, strong 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 S&P, in the 2022 budget Niagara Region has continued using the debt charge placeholder as a tool to control debt charges levels and future debt issuance amounts, continues to use levy reserves, and is funding economic development initiatives.

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.

Outstanding Debt to Reserve Funds (per cent)



Net Financial Assets (Net Debt)

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

In 2022, Niagara Region's net debt position increased from \$22.7 million to \$63.6 million. The Region's net debt is a result of all the financial activity that occurred in 2022 and means that the Region's financial liabilities exceed its financial assets. The increase in net debt is driven by a higher deferred revenue balance at year-end 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, 2022, Niagara Region's accumulated surplus balance is \$2.1 billion (2021 - \$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 the table below.

Breakdown of Accumulated Surplus

(in millions of dollars)

Category	Amount (\$)	Percentage of Total Accumulated Surplus
Invested in tangible capital assets	\$1,696.3	82.1%
Unexpended capital financing	293.3	14.2%
Reserves	271.0	13.1%
Operating fund	(11.4)	-0.6%
Canada Summer Games Park	25.4	1.3%
Unfunded liabilities	(208.7)	-10.1%
Accumulated Surplus	\$2,065.9	100.0%



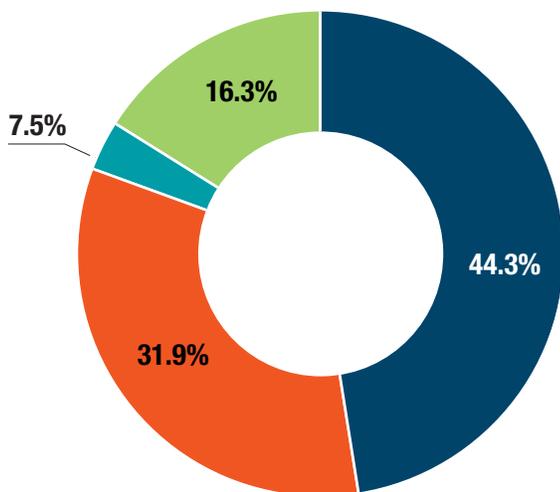
Reserves

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 \$271 million at December 31, 2022 are highlighted in the chart to the right by their designated purpose.

Reserves

(In per cent and millions of dollars)



In Millions of Dollars

Capital reserves	\$119.9	(44.3%)
Stabilization reserves	86.4	(31.9%)
Specified contribution reserves	20.3	(7.5%)
Future liability reserves	44.3	(16.3%)
Total Reserves	\$270.9	(100.0%)

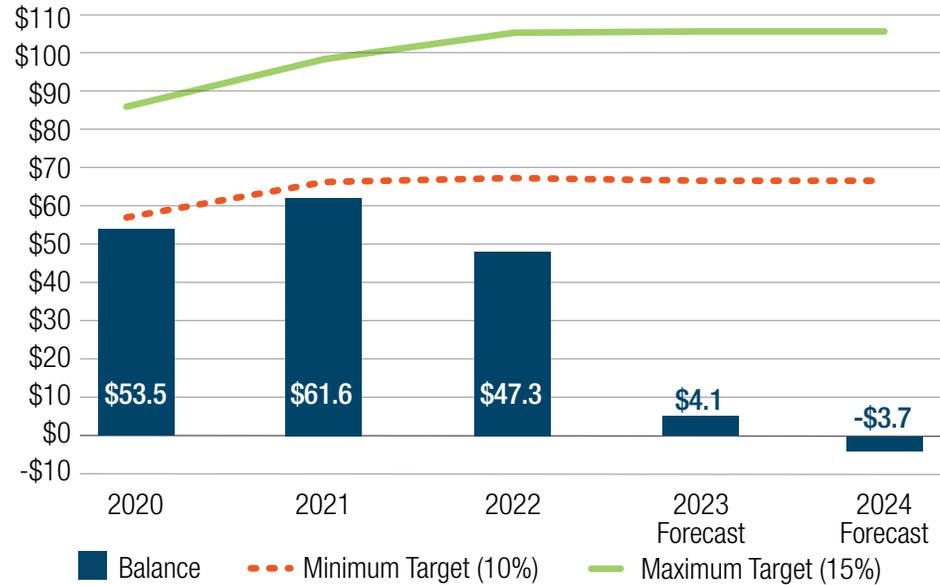
The Reserve and Reserve Fund policy states minimum target balances for corporate stabilization reserves to be 10 per cent to 15 per cent of gross budgeted expenditures. As of December 31, 2022, and taking into consideration Regional Council's approved year end transfer recommendation, the Region's Taxpayer Relief Stabilization Reserve and the Wastewater Stabilization Reserve are both 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 2022, primarily as a result of using \$6 million from the reserve to mitigate 2022 operating budget pressures, as well as the 2022 levy deficit. In 2022, \$25.4 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 \$3.1 million was required to be transferred from the Taxpayer Relief Stabilization Reserve. The 2023 budget includes \$17.4 million in transfers from the Taxpayer Relief Stabilization Reserve to fund COVID-19 related costs, \$19.3 million is earmarked to fund Bill 23 impacts and \$4 million to fund the 2022 tax deferral. If external COVID-19 or Bill 23 funding is secured these transfers will be reduced. The Taxpayer Relief Reserve continues to be below the minimum funding target.



Tax Levy Stabilization⁴

(In millions of dollars)



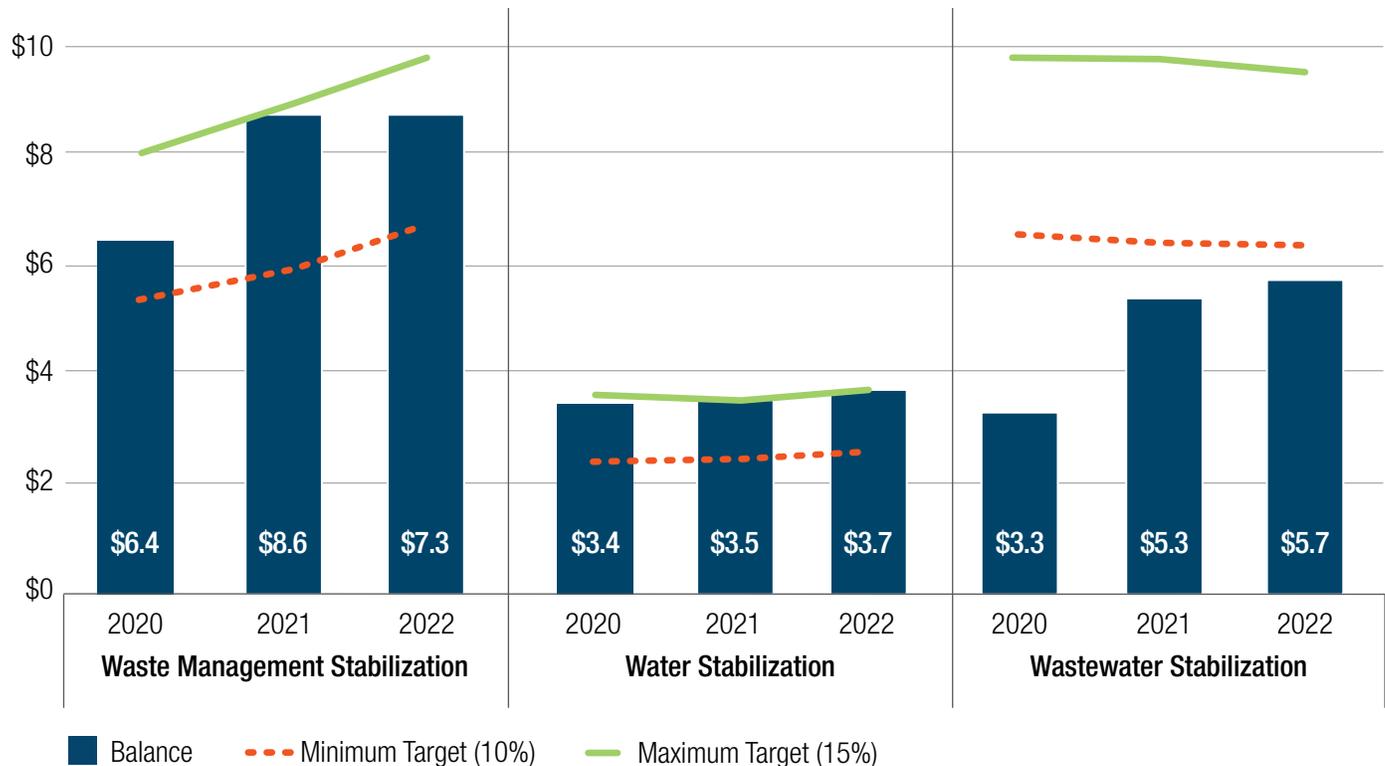
At December 31, 2022, the Tax Levy Stabilization Reserve is underfunded by a range of \$23.7 to \$59.2 million

4 Taxpayer Relief Reserve

Waste Management, Water and Wastewater

Stabilization Reserve Balances

(In millions of dollars)



Consolidated Statement of Operations Highlights

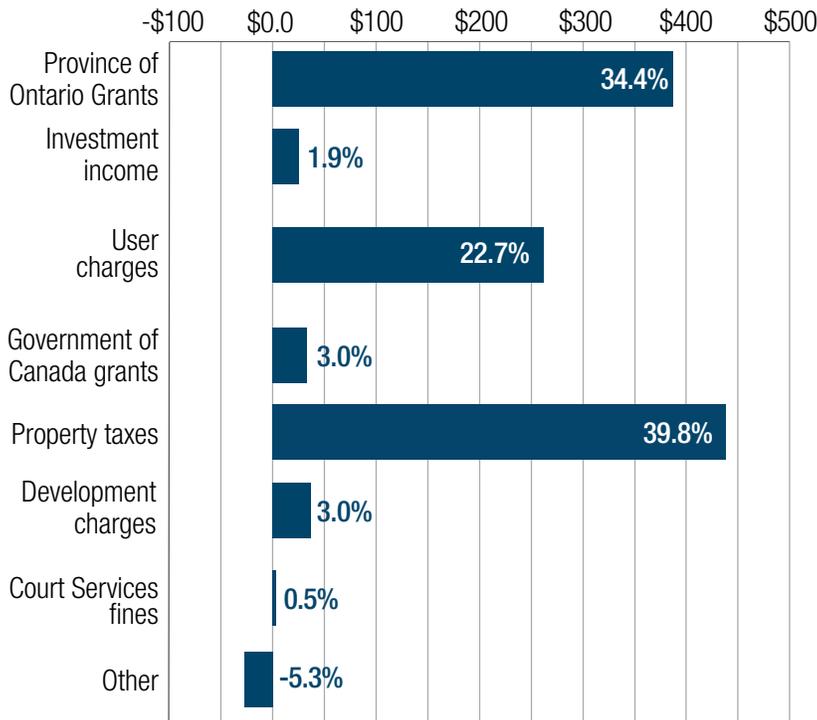
The consolidated statement of operations reports Niagara Region's change in economic resources and accumulated surplus. During the year, annual revenues exceeding expenses, resulting in a \$6.4 million (2021 - \$163.8 million) surplus in accordance with Canadian Public Sector Accounting Standards.

Compared to 2021, Niagara Region's revenues overall reflects a decrease of \$73.7 million. Driving the overall decrease in revenue is a \$77.7 million loss on transfer of tangible capital assets for the Canada Summer Games Park infrastructure that was transferred to the consortium upon substantial completion.

This is offset by an increase in taxation and user charges for the year of \$35.5 million which includes taxes to support \$2.3 million in bridge housing and permanent supportive housing, \$1.9 \$400 million for local hospital and hospice development, \$4.7 million for core infrastructure and \$10.5 million toward Niagara Regional Police Services. Federal and Provincial grants have also increased \$27.2 million primarily in support of programs within social and family services.

Revenue By Source

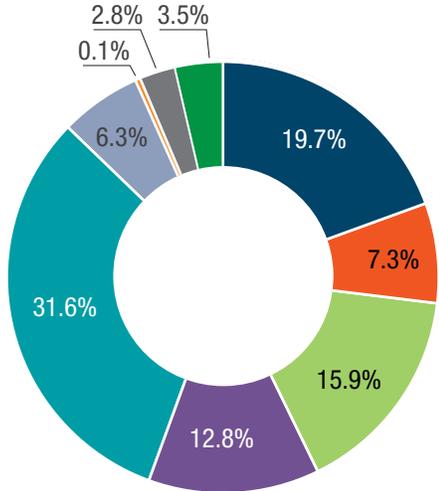
(In per cent and millions of dollars)



Compared to 2021, Niagara Region’s expenses overall reflects an increase of \$83.6 million. Higher expenses in 2022 related to increased costs experienced in social and family services of \$51.8 million driven by increased staffing in long-term care homes, increase support to childcare providers in order to reduce parent fees, and increased social assistance benefit issuances. There was an increase in expenses related to environmental services of \$10.0 million driven by higher cost of contracted services. Additionally, there was an increase in planning and development expenses of \$15.2 million related to development charge grants. Offsetting these increased costs were decreased costs in general government of \$15.8 million related to the timing of actual project spending which determined timing of debt issuance.

Expense By Function

(In per cent and millions of dollars)



In Millions of Dollars

Protection to persons and property	\$217.1	(19.7%)
Transportation services	80.9	(7.3%)
Environmental services	176.6	(15.9%)
Health services	141.8	(12.8%)
Social and family services	351.7	(31.6%)
Social housing	70.2	(6.3%)
Recreation	0.9	(0.1%)
Planning and development	31.4	(2.8%)
General government	39.2	(3.5%)
Total	\$1,109.8	(100%)





2022 Approved Budget Compared to Financial Statements

A balanced 2022 operating and capital budget was approved by Regional Council on December 9, 2021.

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

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



Niagara River from the Niagara Glen
Nature Centre in Niagara Falls
Photo by: Tony Bozza, St. Catharines

2022 Approved Budget Compared to Financial Statements

(In millions of dollars)

	Approved Budget	2022	2021
Based on budget approach			
Water and Wastewater surplus	\$-	0.4	2.3
Waste Management surplus	-	1.2	5.7
Levy surplus	-	(3.6)	11.9
Operating surplus	-	(2.0)	19.9
Capital PSAS Adjustments			
Recognize amortization	(95.7)	(96.2)	(92.9)
Recognize in year capital program revenues	57.0	57.0	88.8
Recognize capital fund expenditures resulting in operating expenses	(6.8)	(6.8)	(7.9)
Recognize operating fund expenditures resulting in capital assets	2.5	2.5	2.5
Recognize proceeds and loss on disposal of assets	(77.7)	(77.7)	47.0
Recognize gain on transfer of tangible capital assets	(0.1)	(0.1)	(2.3)
Recognize operating funding transferred to capital program	-	-	2.5
Capital subtotal	(120.9)	(121.3)	37.7
Funded PSAS Adjustments			
Remove principle debt repayments	50.3	33.0	31.1
Remove net transfers to reserves (including interest allocation)	45.9	102.9	93.0
Remove sinking fund activity	-	0.6	0.5
Funded subtotal	96.2	136.4	124.6
Unfunded PSAS Adjustments			
Recognize change in landfill liability	0.5	0.5	(10.4)
Recognize power dams liability	-	0.4	0.4
Recognize change in unfunded employee future benefits liability	(7.7)	(7.7)	(8.4)
Recognize change in contaminated sites liability	-	-	-
Unfunded Subtotal	(7.1)	(6.7)	(18.4)
Annual surplus with PSAS adjustments	\$(31.8)	\$6.4	\$163.8



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.

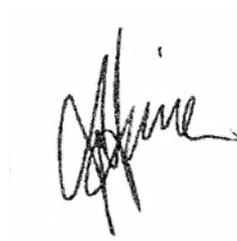
Financial Management and Control

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 496,059 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 18, 2022





SECTION 2

Financial Statements

Canal Days Fireworks,
Port Colborne
Photo by: Stuart Hendrie

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

The Regional Municipality of Niagara

Management's Responsibility For The Consolidated Financial Statements

The accompanying consolidated financial statements of The Regional Municipality of Niagara (the "Region") are the responsibility of the Region's management and have been prepared in accordance with Canadian Public Sector Accounting Standards. A summary of the significant accounting policies is described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Region's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The audit committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Deloitte LLP, independent external auditors appointed by the Region. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Region's consolidated financial statements.



Todd Harrison,

Commissioner of Corporate Services/Treasurer

May 18, 2023



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, 2022, 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, 2022, 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 18, 2023



The Regional Municipality of Niagara

Consolidated Statement of Financial Position

As at December 31, 2022 (In thousands of dollars)

	2022	2021
Financial Assets		
Cash	\$ 128,746	\$ 169,862
Investments (note 2)	832,296	787,658
Accounts receivable (note 3)	105,156	104,799
Other assets	1,005	1,109
Tangible capital assets held for sale	400	400
Debt recoverable from others (note 8)	341,860	345,859
	1,409,463	1,409,687
Financial Liabilities		
Accounts payable and accrued liabilities	180,988	172,733
Employee future benefits and post-employment liabilities (note 4)	131,906	124,330
Deferred revenue (note 5)	339,149	289,795
Landfill closure and post-closure liability (note 6)	77,703	78,250
Contaminated sites liability (note 7)	576	576
Long-term liabilities (note 8)	738,571	762,474
Capital lease obligation (note 9)	4,144	4,204
	1,473,037	1,432,362
Net debt	(63,574)	(22,675)
Non-Financial Assets		
Tangible capital assets (note 10)	2,097,154	2,053,549
Inventory	10,567	9,298
Prepaid expenses	21,784	19,329
	2,129,505	2,082,176
Accumulated surplus (note 11)	\$ 2,065,931	\$ 2,059,501

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, 2022 (In thousands of dollars)

	2022 Budget (note 20)	2022 Actual	2021 Actual
Revenues (note 18)			
Taxation and user charges:			
Levies on area municipalities	\$ 439,487	\$ 441,801	\$ 423,319
User charges	258,793	253,708	236,671
	698,280	695,509	659,990
Government transfers (note 17):			
Government of Canada	33,221	33,685	30,586
Province of Ontario	381,731	384,021	359,896
Other municipalities	2,280	2,635	11,070
	417,232	420,341	401,552
Other:			
Development charges earned	37,496	36,935	28,771
Investment income	17,761	20,637	15,787
Provincial offences	11,212	5,057	6,121
(Loss) gain on transfer of tangible capital assets (note 10)	(77,724)	(77,745)	46,994
Miscellaneous	14,447	15,469	30,705
	3,192	353	128,378
Total revenues	1,118,704	1,116,203	1,189,920
Expenses (note 18)			
General government	50,957	39,164	54,972
Protection to persons and property	221,548	217,074	211,781
Transportation services	91,605	80,930	75,045
Environmental services	191,087	176,583	166,576
Health services	142,442	141,772	135,532
Social and family services	358,032	351,694	299,911
Social housing	70,476	70,220	66,112
Recreation services	-	920	-
Planning and development	24,319	31,416	16,240
Total expenses	1,150,466	1,109,773	1,026,169
Annual (deficit) surplus	(31,762)	6,430	163,751
Accumulated surplus, beginning of year	2,059,501	2,059,501	1,895,750
Accumulated surplus, end of year	\$ 2,027,739	\$ 2,065,931	\$ 2,059,501

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, 2022 (In thousands of dollars)

	2022 Budget (note 19)	2022 Actual	2021 Actual
Annual (deficit) surplus	\$ (31,762)	\$ 6,430	\$ 163,751
Acquisition of tangible capital assets	(217,611)	(217,611)	(185,994)
Contributed tangible capital assets	-	-	(11,547)
Transfers from tangible capital assets held for sale	-	-	(450)
Amortization of tangible capital assets	96,212	96,212	92,917
(Gain) loss on sale of tangible capital assets	(246)	(246)	1,013
Loss (gain) on transfer of tangible capital assets (note 10)	77,745	77,745	(46,994)
Net proceeds on sale of tangible capital assets	295	295	1,250
Change in inventory	-	(1,269)	(813)
Change in prepaid expenses	-	(2,455)	192
Change in net financial assets	(75,367)	(40,899)	13,325
Net debt, beginning of year	(22,675)	(22,675)	(36,000)
Net debt, end of year	\$ (98,042)	\$ (63,574)	\$ (22,675)

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, 2022 (In thousands of dollars)

	2022	2021
Operating Activities		
Annual surplus	\$ 6,430	\$ 163,751
Items not involving cash:		
Amortization of tangible capital assets	96,212	92,917
Loss (gain) on sale of tangible capital assets	(246)	1,013
Loss (gain) on transfer of tangible capital assets	77,745	(46,994)
Contributed tangible capital assets	-	(11,547)
Change in employee future benefits and post-employment liabilities	7,576	8,182
Change in landfill closure and post-closure liability	(547)	10,378
Change in contaminated sites liability	-	-
Change in non-cash assets and liabilities (note 21)	53,632	41,825
Net change in cash from operating activities	240,802	259,525
Capital Activities		
Net proceeds on sale of tangible capital assets	295	1,250
Acquisition of tangible capital assets	(217,611)	(185,994)
Net change in cash from capital activities	(217,316)	(184,744)
Investing Activities		
Proceeds on sale of investments	25,314	54,888
Purchase of investments	(69,952)	(184,531)
Net change in cash from investing activities	(44,638)	(129,643)
Financing Activities		
Capital lease payments	(60)	(58)
Proceeds on debt issued and assumed	15,140	33,718
Long-term debt repaid	(32,977)	(31,066)
Increase in sinking fund assets	(2,067)	(1,984)
Net change in cash from financing activities	(19,964)	610
Net change in cash	(41,116)	(54,252)
Cash, beginning of year	169,862	224,114
Cash, end of year	\$ 128,746	\$ 169,862



The Regional Municipality of Niagara

Consolidated Statement of Cash Flows

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

	2022	2021
Cash paid for interest	\$ 14,342	\$ 14,485
Cash received from interest	13,511	12,481
Investing and financing activities on behalf of others:		
Debt issued on behalf of others	30,773	52,772
Repayment made on behalf of others	34,772	31,171

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, 2022 (In thousands of dollars)

1. Significant accounting policies:

The Regional Municipality of Niagara (the “Region”) is an upper-tier municipality in the Province of Ontario (the “Province”), Canada. The provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation guide its operations.

The consolidated financial statements of The Regional Municipality of Niagara are prepared by management in accordance with Canadian public sector accounting standards (“PSAS”) as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada (“CPA Canada”). Significant accounting policies adopted by the Region are as follows:

a) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Region and which are owned or controlled by the Region. These entities and organizations include:

Niagara Regional Police Services

Niagara Regional Housing

Court Services Operations

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

(ii) Investment in Consortium:

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

(iii) Trust funds:

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



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (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, 2022 (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, 2022 (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 \$1,866 (2021 - \$2,542) 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, 2022 (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) Use of estimates:

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

2. Investments:

Investments 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:

	2022		2021	
	Cost	Market Value	Cost	Market Value
Investments	\$ 832,296	\$ 746,492	\$ 787,658	\$ 791,033

The Region has purchased \$3,378 (2021 - \$5,400) 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 \$25,887 (2021 - \$29,474). Coupon rates for these debentures ranged from 3.30% to



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

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

2. Investments (continued):

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.

3. Accounts receivable:

Accounts receivable are reported net of a valuation allowance of \$544 (2021 - \$544).

4. 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.

	2022	2021
Workplace Safety & Insurance Board	\$ 62,760	\$ 55,833
Accumulated Sick Leave	8,249	9,790
Retiree benefits	42,506	40,653
Vacation pay	12,565	12,751
Other post-employment liabilities	5,826	5,303
Total employee future benefits and post-employment liabilities	\$ 131,906	\$ 124,330



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

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

4. 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:

	2022	2021
Niagara Regional Police Services	\$ 70,908	\$ 68,520
Niagara Region	60,998	55,810
Total	\$ 131,906	\$ 124,330

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:

	2022	2021
Niagara Regional Police Services	\$ 8,652	\$ 8,817
Niagara Region	24,954	25,149
Total (note 12)	\$ 33,606	\$ 33,966



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

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

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

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

2022				
	Niagara Regional Police	Niagara Regional Housing	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
Benefits paid	(7,793)	-	(7,226)	(15,019)
Net	83,179	-	77,485	160,664
Unamortized actuarial loss	(12,271)	-	(16,487)	(28,758)
Liability	\$ 70,908	\$ -	\$ 60,998	\$ 131,906
2021				
	Niagara Regional Police	Niagara Regional Housing	Niagara Region	Total
Accrued benefit obligation:				
Balance, beginning of year	\$ 67,098	\$ 461	\$ 59,586	\$ 127,145
Current benefit cost	4,414	(10)	6,280	10,684
Interest	5,467	2	1,739	7,208
Actuarial loss (gain)	11,223	-	11,480	22,703
Benefits paid	(5,963)	(95)	(5,463)	(11,521)
Balance, end of year	82,239	358	73,622	156,219
Amount Transferred	-	(358)	358	-
Unamortized actuarial (loss) gain	(13,719)	-	(18,170)	(31,889)
Liability	\$ 68,520	\$ -	\$ 55,810	\$ 124,330



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

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

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

Included in expenses is \$3,131 (2021 - \$1,812) 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	2 - 11 years
Retiree benefits	11 - 15 years
WSIB	8 – 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, 2022 and the expense for the year ended December 31, 2022, were determined using a discount rate of 3.00% (2021 – 3.00%).

Administration costs

Administration costs were assumed to be 27% (2021 – 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 (2021 – 1.25%).



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

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

4. 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, 2022, of the present value of future liabilities and the expense for the year ended December 31, 2022, were determined using a discount rate of 3.25% (2021 – 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, 2022, of the present value of future liabilities and the expense for the year ended December 31, 2022, were determined using a discount rate of 3.25% (2021 - 3.25%).

Medical costs

Medical costs were assumed to increase at the rate of 3.42% (2021 – 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% (2021 – 2.75%) per year.

Inflation

Inflation was assumed to be 1.75% (2021 – 1.75%) per year.



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

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

4. 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 2022 with a funding deficit of \$6.7 billion (2021 - \$3.1 billion). The funded ratio decreased to 95% in 2022,

The amount contributed to OMERS for 2022 was \$32,270 (2021 - \$32,924) for current service and is included as an expense on the consolidated statement of operations. Employees’ contribution to OMERS in 2022 were \$32,226 (2021 - \$32,893).

Contributions for employees with a normal retirement age of 65 were being made at rate of 9.0% (2021 – 9.0%) for earnings up to the yearly maximum pensionable earnings of \$64.9 (2021 - \$61.6) and at a rate of 14.6% (2021 – 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% (2021 - 9.2%) and 15.8% (2021 - 15.8%) respectively.

5. 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 \$304,690 (2021 - \$259,095).

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.



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Notes to the Consolidated Financial Statements

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

5. Deferred revenue (continued):

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

	2022	2021
Development charges	\$ 254,137	\$ 206,297
Gas tax	50,554	46,826
Obligatory reserve funds	304,691	253,123
Investing in Ontario Grant	10,617	10,617
Other deferred revenue	23,841	26,055
Balance, end of year	\$ 339,149	\$ 289,795

The continuity of Deferred Revenues are summarized below:

Development charges:

	2022	2021
Balance, beginning of year	\$ 206,297	\$ 176,297
Externally restricted inflows	79,089	54,030
Revenue earned	(36,935)	(28,771)
Investment income	5,686	4,741
Balance, end of year	\$ 254,137	\$ 206,297

Gas tax:

	2022	2021
Balance, beginning of year	\$ 46,826	\$ 29,042
Externally restricted inflows	15,347	28,949
Revenue earned	(12,794)	(12,080)
Investment income	1,175	915
Balance, end of year	\$ 50,554	\$ 46,826



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Notes to the Consolidated Financial Statements

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

6. Landfill closure and post-closure liability:

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

The costs were based upon the 2022 budget and inflation adjusted at a rate of 1.75% per annum (2021 – 1.75%) until the end of contamination. These costs were then discounted to December 31, 2022 using a discount rate of 3.40% (2021 – 3.40%). Post-closure care is estimated to be required for the contaminating lifespan of landfill sites up to 40 years . The liability for closure and post-closure care as at December 31, 2022 is \$77,703 (2021 - \$78,250). Estimated total expenditures for closure and post-closure care are \$132,268 (2021 - \$133,490). The liability remaining to be recognized is \$54,565 (2021 - \$55,240). It is estimated that the life of open landfill sites range from 23 to 38 years with an estimated total remaining capacity of 2,931 thousand cubic meters (2021 - 3,158 thousand cubic meters).

The Region has a landfill reserve which is dedicated for costs relating to settling closure and post-closure care liabilities. As of December 31, 2022 the reserve balance is \$8,183 (2021 - \$10,163) (note 12).

7. Contaminated site liability:

A liability for the remediation of contaminated sites is recognized as the best estimate of the amount required to remediate the contaminated sites when the following criteria are met: contamination exceeding an environmental standard exists, the Region is either directly responsible or accepts responsibility for the remediation, it is expected that the future economic benefit will be given up, and a reasonable estimate of the amount is determinable. If the likelihood of the Region's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.



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Notes to the Consolidated Financial Statements

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

7. Contaminated site liability (continued):

As at December 31, 2022 the Region has recognized a liability for contaminated sites of \$576 (2021 - \$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.

8. 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:

	2022	2021
Long-term liabilities incurred by the Region	\$ 761,659	\$ 783,184
Less: Sinking fund assets	(23,088)	(20,710)
Long-term debt	\$ 738,571	\$ 762,474
Debt recoverable from others net of sinking fund assets (long-term liabilities incurred by the Region for which other entities have assumed responsibility)	(341,860)	(345,859)
Net long-term debt, end of year	\$ 396,711	\$ 416,615

(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.



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Notes to the Consolidated Financial Statements

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

8. Net long-term liabilities (continued):

- (c) The Region issued sinking fund debentures of \$78,079 payable on June 30, 2040 and bearing interest at the rate of 5.2% per annum. The sinking fund debentures are included in long-term liabilities in (a) and include \$9,333 borrowed on behalf of the City of St. Catharines and shown as debt recoverable from others. The City of St. Catharines share of the sinking fund assets have been removed from the debt recoverable from others in (a). Annual principal payments into the sinking fund of \$1,512 are due June 30 of each year. These payments are reflected as principal repayments in (e).
- (d) The Region is contingently liable for long-term liabilities with respect to debt issued for area municipalities, tile drainage and shoreline property assistance. The total amount outstanding as at December 31, 2022 is \$341,860 (2021 - \$345,859) and is reported on the consolidated statement of financial position as debt recoverable from others.
- (e) Principal payments to be funded by the Region, including sinking fund payments, due in each of the next five years are as follows:

	2022
2023	\$ 33,898
2024	32,867
2025	28,826
2026	24,707
2027	21,714
Thereafter	254,699
	\$ 396,711

Total interest on net long-term liabilities which are reported on the consolidated statement of operations amounted to \$14,242 in 2022 (2021 - \$14,269). The long-term liabilities bear interest at rates ranging from 0.40% to 4.20%. The interest on long-term liabilities assumed by the municipalities or by individuals in the case of tile drainage and shoreline property assistance loans are not reflected in these consolidated financial statements.



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

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

9. 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:

	2022
2023	\$ 216
2024	216
2025	216
2026	216
2027	216
Thereafter	5,577
Total minimum lease payments	\$ 6,657
Less: amount representing implicit interest at 3.75%	(2,513)
Capital lease obligation	\$ 4,144

In 2022, interest of \$157 (2021 - \$159) 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, 2022 is \$6,379 (Land - \$800, Building - \$5,579) and accumulated amortization of leased tangible capital assets at December 31, 2022 is \$488 (2021 - \$349). 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, 2022 (In thousands of dollars)

10. Tangible capital assets:

	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	\$ 273,981	\$ 3,512,381
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	280,583	3,646,454
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, 2022 (In thousands of dollars)

10. Tangible capital assets (continued):

	2021							
	Land	Landfill and Land Improvements	Building and Building Improvements	Vehicles, Machinery and Equipment	Water and Wastewater Infrastructure	Roads Infrastructure	Work in progress	Total
Cost								
Balance, beginning of year	\$ 230,597	\$ 108,914	\$ 835,598	\$ 683,595	\$ 398,836	\$ 875,165	\$ 157,829	\$ 3,290,534
Additions/transfers	6,612	12,503	38,467	38,411	13,455	18,936	116,152	244,536
Disposals	(55)	(429)	(3,996)	(12,709)	(361)	(5,138)	-	(22,688)
Balance, end of year	237,154	120,988	870,069	709,297	411,930	888,963	273,981	3,512,382
Accumulated Amortization								
Balance, beginning of year	-	57,671	404,483	440,811	93,239	390,587	-	1,386,791
Disposals	-	(384)	(3,991)	(11,273)	(254)	(4,973)	-	(20,875)
Amortization expense	-	4,049	25,648	30,546	5,895	26,779	-	92,917
Balance, end of year	-	61,336	426,140	460,084	98,880	412,393	-	1,458,833
Net Book Value, end of year	\$ 237,154	\$ 59,652	\$ 443,929	\$ 249,213	\$ 313,050	\$ 476,570	\$ 273,981	\$ 2,053,549



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Notes to the Consolidated Financial Statements

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

10. Tangible capital assets (continued):

(a) Work in progress

Work in progress of \$280,583 (2021 - \$273,981) has not been amortized. Amortization of these assets will commence when the asset is put into service.

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

Transfer of Canada Summer Games:

In 2021 the Region took over construction of the 2022 Canada Summer Games infrastructure from the Canada Summer Games Host Society resulting in a gain on transfer of tangible capital assets in the amount of \$46,994 which has been reported on the 2021 consolidated statement of operations.

Since the date of transfer to the Region, \$32,068 of external revenue has been received and is reflected in the consolidated statement of operations. The Region has contributed \$24,498 of internal funding, as well as \$1,419 of federal gas tax revenue toward the construction of the 2022 Canada Summer Games Park.

On February 11, 2022, the Canada Summer Games Park reached the stage of substantial completion. On this date, the asset was transferred to the Canada Summer Games Consortium ("Consortium"), in which the Region has a 25% interest. The Consortium is made up of four partners, Brock University, the City of St. Catharines, the City of Thorold and the Region. The transfer of the completed asset from Work In Progress to the Consortium has resulted in a loss on transfer of 75% of the total cost of \$103,560, for a loss of \$77,670 which is reported in the 2022 consolidated statement of operations as part of the (Loss) gain on transfer of tangible capital asset balance.



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

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

10. Tangible capital assets (continued):

(b) Contributed tangible capital assets

Contributed capital assets are recognized at fair market value at the date of contribution. Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned. The value of contributed assets transferred to the Region during the year, which includes land, building and roads infrastructure is \$nil. (2021 - \$11,547).

(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 (2021 – \$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, 2022 (In thousands of dollars)

11. Accumulated Surplus:

Accumulated surplus consists of balances as follows:

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 1,696,299	\$ 1,632,730
Capital fund – unexpended capital financing	293,319	347,970
Operating fund	(11,375)	(10,612)
Canada summer games park	25,432	-
Unfunded		
Landfill closure and post-closure liability	(77,703)	(78,250)
Contaminated sites	(576)	(576)
Employee future benefits and post-employment liabilities	(130,430)	(122,763)
Total surplus	1,794,966	1,768,499
Reserves set aside by Council:		
Circle route initiatives	1,133	1,133
Hospital contribution	10,535	8,100
Employee benefits	33,606	33,966
Encumbrances	21,202	17,097
General capital levy	21,861	18,632
Niagara Regional Housing	17,983	16,385
Court Services facilities renewal	3,901	3,701
Public liability self-insurance	2,270	2,270
Smart growth	225	201
Taxpayer relief reserve	47,334	60,656
Waste management	15,194	20,180
Wastewater	19,522	21,843
Water	65,930	74,438
Landfill liability	8,183	10,163
Other reserves	2,086	2,237
Total reserves	270,965	291,002
Total accumulated surplus	\$ 2,065,931	\$ 2,059,501



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

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

12. Trust funds:

Trust funds administered by the Region amounting to \$1,029 (2021 - \$1,067) 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.

13. Commitments:

- (a) The Region has outstanding contractual obligations of approximately \$325,884 (2021 - \$376,252) for capital projects. These costs include holdbacks. The holdbacks related to work completed as of December 31, 2022 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 \$2,845 (2021 - \$4,128). Annual payments of \$1,216 (2021 - \$1,538) 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:

	2022
2023	\$ 2,875
2024	2,908
2025	1,788
2026	1,130
2027	674
Thereafter	1,198
	\$ 10,573



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

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

14. 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 \$9,656 (2021 - \$10,698) has been made for those claims not expected to be covered by insurance.

15. 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, 2022 amount to \$2,270 (2021 - \$2,270) (note 12) and is reported on the consolidated statement of financial position under accumulated surplus. An amount of \$nil (2021- \$nil) has been transferred from this reserve fund in the current year.

Payments charged against operations in the current year amounted to \$578 (2021 - \$2,716).

16. 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 \$21,961 (2021 - \$19,158).



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

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

17. Government transfers:

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

	Budget	2022	2021
Revenue:			
Government of Canada:			
General government	\$ 2,051	\$ 2,051	\$ 5,168
Transportation services	9,737	9,737	7,095
Environmental services	1,605	1,605	4,985
Social and family services	5,542	5,906	3,755
Social housing	14,206	14,206	7,546
Planning and development	80	180	2,037
	33,221	33,685	30,586
Province of Ontario:			
General government	1,391	2,439	16,921
Protection to persons and property	9,546	10,028	9,407
Transportation services	1,815	1,939	924
Environmental services	-	35	9
Health services	84,750	92,774	90,938
Social and family services	276,481	269,883	228,726
Social housing	7,748	6,897	12,971
Planning and development	-	26	-
	381,731	384,021	359,896
Other municipalities:			
General government	1,951	1,982	10,698
Protection to persons and property	329	321	322
Transportation services	-	-	-
Environmental services	-	1	23
Health services	-	-	27
Social housing	-	-	-
Recreation services	-	331	-
	2,280	2,635	11,070
Total revenues	\$ 417,232	\$ 420,341	\$ 401,552



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Notes to the Consolidated Financial Statements

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

18. Segmented information:

Segmented information has been identified based upon functional areas by the Region.

The functional areas have been separately disclosed in the segmented information as follows:

(i) General government:

General government consists of the general management of the Region, including adopting by-laws and policy, levying taxes, issuing debentures and providing administrative, technical, facility management, and financial services.

(ii) Protection to persons and property:

Protection to persons and property is comprised of Police Services and Court Services. The mandate of Police Services is to ensure the safety of the lives and property of citizens, preserve peace and good order, prevent crimes from occurring, detect offenders and enforce the law. Court Services is responsible for administering and prosecuting Provincial Offences including those committed under the Highway Traffic Act, the Compulsory Automobile Insurance Act, the Trespass to Property Act, the Liquor License Act and other provincial legislation, municipal by-laws and minor federal offences. Court Services governs all aspects of the legal prosecution process, from serving an offence notice to an accused person to conducting trials including sentencing and appeals.

(iii) Transportation services:

Transportation services is responsible for the planning, design, operation and maintenance of the roadway system, the maintenance of parks and open space, and street lights.

(iv) Environmental services:

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



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

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

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



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Notes to the Consolidated Financial Statements

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

18. Segmented information (continued):

	2022									
	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	\$ 398,988	-	-	\$ 42,813	-	-	-	-	-	\$ 441,801
User charges	786	7,019	5,773	193,672	743	26,669	17,659	163	1,224	253,708
Government transfers	6,470	10,349	11,677	1,641	92,774	275,790	21,103	331	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	25,858	273	(62,276)
Total revenues	341,065	23,875	30,176	253,110	94,312	303,153	42,141	26,352	2,019	1,116,203



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Notes to the Consolidated Financial Statements

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

18. Segmented information (continued):

	2022									
	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
Expenses:										
Salaries, wages and employee benefits	7,087	179,494	16,656	34,366	118,293	134,344	6,830	158	\$6,453	503,681
Operating expenses	11,196	20,161	32,167	106,973	19,438	104,395	22,486	290	\$2,326	319,432
External transfers	2,945	7,197	2,252	1,252	15	108,855	31,019	-	\$22,637	176,172
Debt services	14,059	-	27	-	157	-	-	-	\$-	14,243
Amortization	3,873	10,220	29,826	33,967	3,869	4,100	9,885	472	\$-	96,212
Miscellaneous	4	2	2	25	-	-	-	-	\$-	33
Total expenses:	39,164	217,074	80,930	176,583	141,772	351,694	70,220	920	\$31,416	1,109,773
Annual surplus (deficit)	\$ 301,901	\$ (193,199)	\$ (50,754)	\$ 76,527	\$ (47,460)	\$ (48,541)	\$ (28,079)	\$ 25,432	\$ (29,397)	\$ 6,430



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Notes to the Consolidated Financial Statements

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

18. Segmented information (continued):

	2021								
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Social housing	Planning and development	Total
Revenues:									
Levies on area municipalities	\$ 382,752	-	-	\$ 40,567	-	-	-	-	\$ 423,319
User charges	572	4,730	4,011	184,584	825	24,920	15,711	1,318	236,671
Government transfers	32,788	9,729	8,019	5,016	90,964	232,482	20,517	2,037	401,552
Development charges earned	2,280	17	9,827	8,345	49	-	7,899	354	28,771
Investment income	15,646	-	-	-	-	-	141	-	15,787
Provincial offenses	-	6,121	-	-	-	-	-	-	6,121
Miscellaneous	52,873	3,431	543	7,893	554	723	11,570	112	77,699
Total revenues	486,911	24,028	22,400	246,405	92,392	258,125	55,838	3,821	1,189,920



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

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

18. Segmented information (continued):

	2021								
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Social housing	Planning and development	Total
Expenses:									
Salaries, wages and employee benefits	6,685	176,317	16,720	33,547	114,163	124,384	6,427	6,377	484,620
Operating expenses	27,012	17,800	24,741	98,892	18,008	82,275	20,688	1,923	291,339
External transfers	1,777	7,665	2,789	2,330	19	88,571	29,825	7,940	140,916
Debt services	14,063	-	48	-	159	-	-	-	14,270
Amortization	5,423	9,999	29,546	31,486	3,183	4,108	9,172	-	92,917
Miscellaneous	12	-	1,201	321	-	573	-	-	2,107
Total expenses:	54,972	211,781	75,045	166,576	135,532	299,911	66,112	16,240	1,026,169
Annual surplus (deficit)	\$ 431,939	\$ (187,753)	\$ (52,645)	\$ 79,829	\$ (43,140)	\$ (41,786)	\$ (10,274)	\$ (12,419)	\$ 163,751



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

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

19. Budget data:

The budget amounts presented in these consolidated financial statements are based upon the 2022 operating and capital budgets approved by Council on December 16, 2021. The chart below reconciles the approved budget to the budget amounts reported in these consolidated financial statements. Budgets established for tangible capital asset acquisitions are on a project-oriented basis, the costs of which may be carried out over one or more years. Where amounts were budgeted for on a project-oriented basis, the budget amounts used are based on actual projects that took place during the year to reflect the same basis of accounting that was used to report the actual results. In addition, to ensure comparability of expenses, the allocation of program support costs completed for actual reporting was also applied to the budget amounts.



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

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

19. Budget data (continued):

	Budget Amount
Revenues	
Operating	
Approved budget	\$ 1,119,989
Budget Adjustments	64,451
Revenues classified as expenses	(221)
Capital:	
Development charges	29,134
Grants and subsidies	24,442
Other contributions	3,415
Loss on transfer of tangible capital assets	(77,724)
Gain on sale of tangible capital assets	246
Less:	
Transfers from reserves	(44,713)
Proceeds on sale of tangible capital assets	(315)
Total revenue	1,118,704
Expenses	
Operating	
Approved budget	\$ 1,119,989
Budget Adjustments	64,451
Revenues classified as expenses	(221)
Add:	
Capital project cost resulting in operating expenses	6,800
Amortization	95,740
Employee future benefits	7,667
Landfill liability	(547)
Less:	
Operating expenses resulting in tangible capital assets	(2,489)
Transfers to reserves, including capital	(90,602)
Debt principal payments	(50,322)
Total expenses	1,150,466
Annual deficit	\$ (31,762)



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

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

20. 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.

21. Change in Non-Cash Assets and Liabilities:

The following is a breakdown of the change in the non-cash assets and liabilities showing on the consolidated statement of cash flows:

	2022	2021
Accounts receivable	\$ (357)	(\$ 26,595)
Other current assets	104	(161)
Accounts payable and accrued liabilities	8,255	14,763
Deferred revenue	49,354	54,439
Inventory	(1,269)	(813)
Prepaid expenses	(2,455)	192
Net Change in Non-Cash Assets and Liabilities	\$ 53,632	\$ 41,825



The Regional Municipality of Niagara

Notes to the Consolidated Financial Statements

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

22. Subsequent Event – Niagara Transit Commission

On February 2, 2022, Niagara Region achieved triple majority requirements which provide the Niagara Region with the exclusive authority to establish, operate, and maintain a consolidated passenger transportation system for the Niagara Region. Subsequently, the Region established the Niagara Transit Commission as a municipal services board to provide public transportation services on behalf of the Region effective January 1, 2023. The Region and Commission will assume transit related tangible capital assets, inventory, prepaid expenses, long-term debt, deferred revenue, reserves, employees and the employee future benefits and post-employment liabilities to be reported in the Region's 2023 consolidated financial statements.

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, 2022, 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, 2022, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Region's ability to continue as a going concern, disclosing, as applicable, matters related to going



concern and using the going concern basis of accounting unless management either intends to liquidate the Region or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Region's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Region's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Region's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Region to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
May 18, 2023



The Regional Municipality of Niagara

Sinking Fund Statement of Financial Position

As at December 31, 2022 (In thousands of dollars)

	2022	2021
Financial Assets		
Cash	\$ 424	\$ 264
Interest receivable	321	125
Investments (note 2)	22,343	20,321
	23,088	20,710
Liabilities		
Accounts payable and accrued liabilities	4	4
Due to operating fund	37	1
Sinking fund requirements		
City of St. Catharines	2,686	2,418
The Regional Municipality of Niagara	19,786	17,807
	22,513	20,230
Accumulated surplus and net financial assets	\$ 575	\$ 480

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, 2022 (In thousands of dollars)

	2022	2021
Revenues		
Contributions	\$ 1,512	\$ 1,512
Investment Income	834	727
Total revenues	2,346	2,239
Expenses		
Professional fees	4	4
Provision for sinking fund requirements	2,247	2,171
Total expenses	2,251	2,175
Net change in fund balance for the year	95	64
Accumulated surplus, beginning of year	480	415
Accumulated surplus, end of year	\$ 575	\$ 480

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, 2022 (In thousands of dollars)

	2022	2021
Operating Activities		
Excess of expenses over revenue for the year	\$ 95	\$ 64
Change in non-cash working capital balances		
Interest receivable	(196)	(50)
Due to operating fund	36	17
Accounts payable	-	1
Net change in cash from operating activities	(65)	32
Investing Activities		
Purchase of investments	(2,022)	(4,119)
Net change in cash from investing activities	(2,022)	(4,119)
Financing Activity		
Increase in sinking fund requirements	2,247	2,171
Net increase (decrease) in cash from financing activity	2,247	2,171
Net change in cash	\$160	\$(1,916)
Cash, beginning of year	264	2,180
Cash, end of year	\$ 424	\$ 264

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, 2022 (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. Investments:

The investments consist of municipal and provincial bonds and are carried at cost. At December 31, 2022 the investments have a market value of \$18,188 (2021 - \$20,216)



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, 2022, 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, 2022, 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 18, 2023



The Regional Municipality of Niagara

Trust Funds Statement of Financial Position

As at December 31, 2022 (In thousands of dollars)

	2022	2021
Assets		
Cash	\$ 280	\$ 269
Due from Regional Municipality of Niagara	749	798
Fund balance	\$ 1,029	\$ 1,067

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, 2022 (In thousands of dollars)

	2022	2021
Revenue		
Deposits from residents	\$ 392	\$ 322
Donations	150	192
	542	514
Expenses		
Expenditures for the benefit of residents	580	432
	580	432
(Deficiency) excess of revenues over expenses	(38)	82
Fund balance, beginning of year	1,067	985
Fund balance, end of year	\$ 1,029	\$ 1,067

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, 2022 (In thousands of dollars)

	2022	2021
Operating Activities:		
(Deficiency) excess of revenues over expenses	\$ (38)	\$ 82
Change in non-cash assets and liabilities		
Due from Regional Municipality of Niagara	49	(64)
Net change in cash from operating activities	11	7
Cash, beginning of year	269	251
Cash, end of year	\$ 280	\$ 269

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, 2022 (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:

- a) Gilmore Lodge
- b) Upper Canada Lodge
- c) Deer Park Villa
- d) Woodlands of Sunset
- e) Linhaven
- f) Rapelje Lodge
- g) Northland Point
- h) 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, 2022, 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, 2022, 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 21, 2023



The Regional Municipality of Niagara

Niagara Regional Housing Statement of Financial Position

As at December 31, 2022 (In thousands of dollars)

	2022	2021
Financial Assets		
Cash	\$ 4,763	\$ 10,245
Investments	1	6,495
Accounts receivable	6,353	4,640
Due from Niagara Region	3,778	3,295
Total financial assets	14,895	24,675
Financial Liabilities		
Deferred revenue (note 3)	3,191	10,823
Mortgages and debentures (note 4)	38,762	41,875
	41,953	52,698
Net debt	(27,058)	(28,023)
Non-Financial Assets		
Tangible capital assets (note 5)	173,029	164,484
Prepaid expenses and deposits	-	161
	173,029	164,645
Commitments (note 7)		
Accumulated surplus (note 6)	\$ 145,971	\$ 136,622

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



The Regional Municipality of Niagara

Niagara Regional Housing Statement of Operations

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

	2022 Budget (note 8)	2022 Actual	2021 Actual
Revenues			
Rental revenue	\$ 16,636	\$ 17,635	\$ 15,711
Subsidies			
Niagara Region	19,198	19,786	26,500
Federal and Provincial Government	9,321	9,321	14,021
Investment income	84	273	129
Contributed tangible capital assets	-	-	10,341
Development charge revenue	2,544	2,544	7,899
Sundry revenue	298	400	1,184
	48,081	49,959	75,785
Gain on restructuring of Service Manager	-	-	1,435
Responsibilities			
Transferred to Niagara Region and reserves	(2,589)	(3,342)	(4,817)
	45,492	46,617	72,402
Expenses			
Property taxes	5,662	5,752	5,408
Support services – Niagara Region	5,050	4,978	4,280
Amortization expense	9,885	9,885	9,171
Bad debts	161	219	145
Wages, salaries and benefits	335	346	2,349
Utilities	5,142	5,119	4,511
Materials and services	6,548	7,802	6,690
Interest on debenture and mortgage payments	810	958	976
Debenture payments (note 7)	1,216	1,216	1,538
Affordable housing programs	-	-	12,338
Administration	1,105	739	914
Supplies and equipment	161	197	248
Government land lease	57	57	81
	36,132	37,268	48,649
Annual surplus	9,360	9,349	23,754
Accumulated surplus, beginning of year	136,622	136,622	112,868
Accumulated surplus, end of year	\$ 145,982	\$ 145,971	\$ 136,622

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



The Regional Municipality of Niagara

Niagara Regional Housing Statement of Change in Net Debt

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

	2022 Budget (note 8)	2022 Actual	2021 Actual
Annual surplus	\$ 9,360	\$ 9,349	\$ 23,754
Acquisition of tangible capital assets, net of disposals	(18,431)	(18,431)	(35,306)
Amortization of tangible capital assets	9,885	9,885	9,171
Change in prepaid expenses	-	161	583
Change in net debt	814	964	(1,797)
Net debt, beginning of year	(28,023)	(28,023)	(26,226)
Net debt, end of year	\$ (27,209)	\$ (27,059)	\$ (28,023)

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



The Regional Municipality of Niagara

Niagara Regional Housing Statement of Changes in Cash Flows

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

	2022	2021
Operating Activities		
Annual surplus	\$ 9,349	\$ 23,754
Items not involving cash:		
Amortization of tangible capital assets	9,885	9,171
Contributed tangible capital assets	-	(10,341)
Gain on restructuring of Service Manager Responsibilities	-	(1,435)
Employee future benefit liabilities	-	(103)
Change in non-cash assets and liabilities:		
Accounts receivable	(1,711)	(29)
Deferred revenue	(7,632)	6,044
Prepaid expenses	161	583
Net change in cash from operating activities	10,052	27,645
Capital Activity		
Cash used to acquire tangible capital assets	(18,431)	(24,965)
Net change in cash from capital activity	(18,431)	(24,965)
Investing Activity		
Change in investments	6,494	(19)
Net change in cash from investing activity	6,494	(19)
Financing Activities		
Mortgages and debentures issued	2,303	10,956
Mortgage and debenture repayments	(5,416)	(4,456)
Change in due from Niagara Region	(484)	(11,774)
Net change in cash from financing activities	(3,597)	(5,274)
Net change in cash	(5,482)	(2,613)
Cash, beginning of year	10,245	12,859
Cash, end of year	\$ 4,763	\$ 10,245
Cash paid for interest	\$ 958	\$ 976

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



The Regional Municipality of Niagara

Niagara Regional Housing Notes to the Financial Statements

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

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 3,029 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:

(a) Accrued basis of accounting

The Corporation follows the accrual method of accounting for revenues and expenses. Rental revenue is recognized at the time the service is provided. Other revenues are recognized 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.

(b) Non-financial assets

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



The Regional Municipality of Niagara

Niagara Regional Housing Notes to the Financial Statements

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

2. Significant accounting policies (continued):

(b) Non-financial assets (continued):

(i) Tangible capital assets

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

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.

(ii) Interest capitalization

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

(iii) Leases

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

(c) Investments

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



The Regional Municipality of Niagara

Niagara Regional Housing Notes to the Financial Statements

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

2. Significant accounting policies (continued):

(d) Government transfers

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

(e) Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Amounts requiring significant estimates include accrued liabilities and useful lives of tangible capital assets. Actual results could differ from these estimates.

3. Deferred revenue:

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

	2022	2021
Canada Mortgage and Housing Corporation	\$ 2,851	\$ 10,515
Other	342	308
Balance, end of year	\$ 3,193	\$ 10,823



The Regional Municipality of Niagara

Niagara Regional Housing Notes to the Financial Statements

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

4. Mortgages and debentures:

Amounts consist of mortgages secured by the income producing properties of the Corporation. As at December 31, 2022 the unpaid balances of these mortgages and debentures are as follows:

	2022	2021
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.35% to 3.10% due in 2022	\$ -	\$ 202
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.40% to 3.75% due in 2023	249	493
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 3.30% due in 2024	554	819
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.15% to 2.80% due in 2025	940	1,239
Debenture for Niagara Regional Housing capital program bearing interest at 2.25% due in 2025	353	466
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 2.40% due in 2026	2,355	2,915
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 2.45% due in 2027	892	1,060
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 2.05% to 3.15% due in 2028	4,274	4,920
Ontario Infrastructure and Lands Corporation amortization debenture for Niagara Regional Housing capital program bearing interest at 3.74% due in 2042	3,510	3,627



The Regional Municipality of Niagara

Niagara Regional Housing Notes to the Financial Statements

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

4. Mortgages and debentures (continued):

	2022	2021
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 2.00% to 2.40% due in 2029	10,947	12,378
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 0.6% to 1.6% due in 2030	2,715	3,004
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 0.4% to 2.1% due in 2031	7,415	8,197
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	2,256	2,557
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 3.4% to 4.2% due in 2032	2,302	-
	\$ 38,762	\$ 41,875

The annual principal payments are as follows:

Year	Amount
2023	\$ 5,509
2024	6,994
2025	4,884
2026	4,592
2027	4,073
Thereafter	12,710
Total principal payments	\$ 38,762



The Regional Municipality of Niagara

Niagara Regional Housing Notes to the Financial Statements

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

5. Tangible capital assets:

	2022					
	Land	Land Improvements	Building	Equipment	Work in progress	Total
Cost						
Balance, beginning of year	\$42,633	\$9,725	\$190,351	\$4,265	\$23,124	\$270,099
Additions	98	1,554	27,144	1,430	(11,794)	18,431
Disposals	-	-	-	-	-	-
Balance, end of year	42,731	11,279	217,495	5,695	11,330	288,530
Accumulated Amortization						
Balance, beginning of year	-	2,758	100,534	2,324	-	105,615
Disposals	-	-	-	-	-	-
Amortization expense	-	500	9,044	341	-	9,885
Balance, end of year	-	3,258	109,578	2,665	-	115,500
Net Book Value, end of year	\$42,731	\$8,021	\$107,917	\$3,030	\$11,330	\$173,030



The Regional Municipality of Niagara

Niagara Regional Housing Notes to the Financial Statements

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

5. Tangible capital assets (continued):

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



The Regional Municipality of Niagara

Niagara Regional Housing Notes to the Financial Statements

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

5. Tangible capital assets (continued)

(a) Assets under construction

Assets under construction at December 31, 2022 valued at \$11,330 (2021 - \$23,125) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets

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

(c) 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.

(d) Write-down of tangible capital assets

The write-down of tangible capital assets during the year was \$nil (2021 - \$nil).

6. Accumulated Surplus:

Accumulated surplus consists of individual fund surplus as follows:

	2022	2021
Invested in tangible capital assets	\$ 134,268	\$ 122,609
Capital fund: Unexpended capital financing	11,550	13,131
Operating fund	153	881
Total accumulated surplus	\$ 145,971	\$ 136,622



The Regional Municipality of Niagara

Niagara Regional Housing Notes to the Financial Statements

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

7. 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 \$2,845 (2021 - \$4,128) and payments during the year of \$1,216 (2021 – \$1,538) have been charged to current operations.



The Regional Municipality of Niagara

Niagara Regional Housing Notes to the Financial Statements

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

8. Budget data

The budget data presented in these financial statements is based upon the 2022 operating and capital budgets approved by the NRH Board on October 15, 2021. 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	\$ 33,911
Capital	14,170
<u>Less:</u>	
Surplus transferred from Niagara Region and transferred from reserves	(2,589)
Total revenue	45,492
Expenses	
Operating	
Approved Operating Expenses	33,912
<u>Add:</u>	
Amortization	9,885
Expenditures included in capital fund	345
<u>Less:</u>	
Employee future benefits	-
Transfers to reserves	(2,589)
Transfers to capital	(5)
Debt principal payments	(5,416)
Total expenses	36,132
Annual surplus	\$ 9,360



The Regional Municipality of Niagara

Niagara Regional Housing Notes to the Financial Statements

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

9. Risks

(a) Credit risk

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

(b) Interest rate risk

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

(c) Market risk

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



The Regional Municipality of Niagara

Schedule of Financial Activities – Operating Fund

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

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

	2022 Budget	2022 Actual	2021 Actual
Revenues			
Rental revenue	\$16,636	\$17,635	\$15,711
Subsidies			
Niagara Region	16,149	16,116	24,285
Federal and Provincial Government	814	814	6,577
Investment income	84	273	129
Sundry revenue	228	331	353
	33,911	35,169	47,055
Expenses			
Property taxes	5,628	5,719	5,386
Support services – Niagara Region	5,050	4,978	4,280
Bad debts	161	219	145
Wages, salaries and benefits	335	346	2,349
Utilities	5,126	5,103	4,504
Materials and services	6,602	7,856	6,830
Interest on debenture and mortgage payments	810	958	976
Debenture payments (note 7)	1,216	1,216	1,538
Administration	778	410	481
Supplies and equipment	138	175	222
Affordable housing programs	-	-	12,338
Government land lease	57	57	80
	25,901	27,037	39,129
Annual surplus	8,010	8,132	7,926
Financing And Transfers			
Transfer to reserves	(2,589)	(3,332)	(3,469)
Transfer to/from Niagara Region	-	621	102
Transfer to capital	(5)	(5)	-
Debt principal payments	(5,416)	(5,416)	(4,456)
Employee benefits	-	-	(103)
	(8,010)	(8,132)	(7,926)
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, 2022 and notes to the schedule (collectively referred to as the "schedule").

In our opinion, the accompanying schedule for the year ended December 31, 2022, 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 13, 2023



The Regional Municipality of Niagara

Court Services Schedule of Revenues, Expenditures and Funds Available for Distribution

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

	2022 Budget	2022 Actual	2021 Actual
Revenues			
Offence receipts	\$ 8,709	\$ 5,062	\$ 6,124
Total revenues	8,709	5,062	6,124
Controllable Expenses			
Salaries and benefits	2,853	2,113	1,830
Program support costs (note 4)	1,175	1,306	1,123
Collection charges	200	178	160
Legal	118	41	12
Payment processing costs	97	70	74
Ticket data capture	27	-	-
Telephone	10	5	6
Business forms	5	19	14
Equipment rental	2	1	-
Office and administration	99	59	71
	4,586	3,792	3,290
Uncontrollable Expenses			
Payments to other municipalities/provinces	85	94	71
Victim fine surcharge	1,676	721	944
Adjudication	509	301	270
Dedicated fines	20	136	108
Other provincial expenditures	355	169	149
	2,645	1,421	1,541
Total expenses	7,230	5,213	4,831
Excess (Deficiency) of revenue over expenditures	1,478	(150)	1,293
Change in employee benefits and other liabilities	-	74	28
Transfer to Niagara Region (note 2)	(200)	(200)	(308)
Funds available for distribution (note 3)	\$ 1,278	\$ (276)	\$ 1,013



The Regional Municipality of Niagara

Notes to the Court Services Financial Statements

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

1. Significant accounting policies:

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

Significant accounting policies are as follows:

(a) Revenues:

Revenue is recorded on a cash basis.

(b) Expenditures:

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

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



The Regional Municipality of Niagara

Notes to the Court Services Financial Statements

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

2. Transfer to Niagara Region:

Court Services transferred \$200 (2021 - \$308) to the Niagara Region in 2022. \$200 was transferred to the Court Services Facility Renewal reserve.

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

	2022	2021
Reserves held by the Niagara Region, beginning of year	\$ 3,701	\$ 3,210
Transfers during the year to reserve from operating budget	200	158
Return of funds from Court Facilities Renewal project	-	333
Reserves held by Niagara Region, end of year	\$ 3,901	\$ 3,701

3. Distribution to area municipalities:

Court Services revenue distribution by municipality is as follows:

	Budget	2022	2021
Region of Niagara	\$ 639	\$ (138)	\$ 506
Niagara Falls	124	(27)	99
Port Colborne	20	(4)	16
St. Catharines	156	(34)	125
Thorold	28	(6)	21
Welland	52	(11)	41
Fort Erie	41	(9)	32
Grimsby	51	(11)	40
Lincoln	43	(9)	34
Niagara-on-the-Lake	58	(13)	46
Pelham	30	(6)	24
Wainfleet	12	(3)	9
West Lincoln	24	(5)	19
Total distribution to area municipalities	\$ 1,278	\$ (276)	\$ 1,013



The Regional Municipality of Niagara

Notes to the Court Services Financial Statements

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

3. Distribution to area municipalities (continued):

The Niagara Region transferred the budgeted net revenue distribution for the first quarter of the year (\$160) to the local area municipalities, in accordance with the Niagara Region Courts Intermunicipal Agreement dated April 26, 2000. This is in excess of the amount to be recovered based on year-end results. The Niagara Region has already communicated the position to the local area municipalities and is working with them on a plan to recover the amounts in 2023.

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.

Program support costs which have been allocated are:

	Budget	2022	2021
Finance service	\$ 132	\$ 117	\$ 117
Human resources services	54	215	42
Information technology services	107	107	92
Legal services	49	45	51
Insurance costs	2	2	1
Printing costs	19	-	17
Mailing costs	7	8	7
Communication costs	-	-	4
Facilities costs	805	812	793
Total program support costs	\$ 1,175	\$ 1,306	\$ 1,123





SECTION 3

STATISTICAL

Vineyards in Niagara-on-the-Lake,
Photo by: Lynn McDonough,
Niagara-on-the-Lake

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

The Regional Municipality of Niagara

Five Year Statistical Review

December 31, 2022, with comparative information for 2021-2018

(unaudited - in thousands of dollars)

	2022	2021	2020	2019	2018
Consolidated Financial Position					
Financial Assets					
Cash	\$ 128,746	\$ 169,862	\$ 224,114	\$ 135,681	\$ 106,902
Investments	832,296	787,658	658,015	635,596	585,420
Accounts receivable	105,156	104,799	78,204	80,140	80,713
Other current assets	1,005	1,109	948	417	329
Tangible capital assets held for sale	400	400	850	1,760	756
Debt recoverable from others	341,860	345,859	324,254	316,419	305,684
Total financial assets	1,409,463	1,409,687	1,286,385	1,170,013	1,079,804
Financial Liabilities					
Accounts payable and accrued liabilities	180,988	172,733	157,970	126,782	114,195
Employee future benefits and post-employment liabilities	131,906	124,330	116,148	109,462	104,421
Deferred revenue	339,149	289,795	235,356	219,750	178,320
Landfill closure and post-closure liability	77,703	78,250	67,872	61,277	61,397
Contaminated sites liability	576	576	576	-	-
Long-term liabilities	738,571	762,474	740,201	695,904	662,658
Capital lease obligation	4,144	4,204	4,262	4,352	-
Total financial liabilities	1,473,037	1,432,362	1,322,385	1,220,527	1,120,991
Net debt	(63,574)	(22,675)	(36,000)	(50,514)	(41,187)
Non-Financial Assets					
Tangible capital assets	2,097,154	2,053,549	1,903,743	1,823,929	1,755,117
Inventory	10,567	9,298	8,485	7,498	7,360
Prepaid expenses	21,784	19,329	19,522	18,609	20,836
Total non-financial assets	2,129,505	2,082,176	1,931,750	1,850,036	1,783,313
Accumulated surplus	\$2,065,931	\$2,059,501	\$1,895,750	\$1,799,522	\$1,742,126

The Regional Municipality of Niagara

Five Year Statistical Review

December 31, 2022, with comparative information for 2021-2018 (unaudited - in thousands of dollars)

	2022	2021	2020	2019	2018
Net Long-Term Liabilities					
Total long-term liabilities	\$ 761,659	\$ 783,184	\$ 758,658	\$ 712,170	\$ 676,851
Sinking fund assets	(23,088)	(20,710)	(18,457)	(16,266)	(14,193)
Debt recoverable from others	(341,860)	(345,859)	(324,254)	(316,419)	(305,684)
Net Long-Term Liabilities	\$ 396,711	\$ 416,615	\$ 415,947	\$ 379,485	\$ 356,974
Recovered from:					
Tax levy	307,043	322,552	333,159	310,779	288,274
Rate-supported	89,705	94,040	82,788	68,706	68,700
	396,748	416,592	415,947	379,485	356,974
Net long-term liabilities per capita	\$ 800	\$ 859	\$ 863	\$ 792	\$ 756
Annual Repayment Limit					
25% of own source revenues	\$ 180,207	\$ 172,188	\$ 163,861	\$ 158,216	\$ 153,945
Debt payments (interest and principal)	\$ 47,246	\$ 46,666	\$ 46,351	\$ 49,310	\$ 41,306
Debt payments as a percentage of own source revenue	6.6%	6.8%	6.9%	7.8%	6.7%
Annual repayment limit (\$)	\$ 132,961	\$ 125,522	\$ 117,510	\$ 108,906	\$ 112,639
Debt payments per capita	\$ 95	\$ 94	\$ 94	\$ 98	\$ 85
Debt payments as a percentage of total expenses	4.3%	4.4%	4.6%	5.0%	4.4%

The Regional Municipality of Niagara

Five Year Statistical Review

December 31, 2022, with comparative information for 2021-2018 (unaudited - in thousands of dollars)

	2022	2021	2020	2019	2018
Consolidated Operations					
Revenues By Source					
Property taxpayer	\$441,801	\$ 423,319	\$ 409,551	\$ 383,481	\$ 363,304
Sewer charges	85,065	80,333	78,648	74,382	69,390
Water charges	47,922	44,711	44,913	43,245	43,883
Waste management	60,648	59,533	49,925	45,717	48,181
User charges	60,074	52,094	52,582	60,379	55,187
Government of Canada grants	33,685	30,586	31,841	26,690	24,986
Province of Ontario grants	384,021	359,896	354,193	320,813	322,020
Other municipalities	2,635	11,070	640	861	608
Development charges	36,935	28,771	33,428	19,814	13,387
Investment income	20,637	15,787	15,343	18,176	16,613
Court services	5,057	6,121	5,068	7,025	7,336
Loss (gain) on transfer of tangible capital assets	(77,745)	46,994	-	-	-
Miscellaneous income/other	15,469	30,705	9,136	8,710	14,234
Total revenue by source	1,116,203	1,189,920	1,085,268	1,009,293	979,129
Expense By Function					
General Government	39,164	54,972	52,542	43,503	43,507
Protection to persons and property	217,074	211,781	196,100	192,662	189,911
Transportation services	80,930	75,045	87,555	72,933	66,063
Environmental services	176,583	166,576	154,424	150,408	123,780
Health services	141,772	135,532	114,626	107,966	98,499
Social and family services	351,694	299,911	308,768	302,631	297,976
Social housing	70,220	66,112	64,707	63,964	64,095
Recreation services	920				
Planning and development	31,416	16,240	10,318	17,830	23,470
Total expenses by function	1,109,773	1,026,169	989,040	951,897	907,304
Annual Surplus	6,430	163,751	96,228	57,396	71,828
Accumulated surplus, beginning of year	2,059,501	1,895,750	1,799,522	1,742,126	1,670,298
Accumulated surplus, end of year	\$2,065,931	\$2,059,501	\$1,895,750	\$1,799,522	\$1,742,126

The Regional Municipality of Niagara

Five Year Statistical Review

December 31, 2022, with comparative information for 2021-2018 (unaudited - in thousands of dollars)

	2022	2021	2020	2019	2018
Analysis Of Expenses By Object					
Salaries, wages and employee benefits	\$ 503,681	\$ 484,621	\$ 444,021	\$ 422,502	\$ 404,050
Operating expenses	319,465	293,445	270,961	257,942	243,856
External transfers to others	176,172	140,916	168,153	171,008	163,879
Debt services	14,243	14,270	13,574	13,256	13,215
Amortization	96,212	92,917	92,331	87,189	82,301
Total expenses by object	\$ 1,109,773	\$ 1,026,169	\$ 989,040	\$ 951,897	\$ 907,301



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Five Year Statistical Review

December 31, 2022, with comparative information for 2021-2018 (unaudited - in thousands of dollars)

	2022	2021	2020	2019	2018
Consolidated Change In Net Debt					
Annual surplus	\$ 6,430	\$ 163,751	\$ 96,228	\$ 57,396	\$ 71,828
Acquisition of tangible capital assets	(217,611)	(185,994)	(172,451)	(158,046)	(104,039)
Contributed tangible capital asset	-	(11,547)	(951)	(142)	(3,615)
Transfer to (from) tangible capital assets held for sale	-	(450)	(910)	1004	(2,759)
Loss (gain) on transfer of tangible capital assets	77,745	(46,994)	-	-	-
Amortization of tangible capital assets	96,212	92,917	92,331	87,189	82,301
Gain (loss) on sale of tangible capital assets	(246)	1,013	1,973	197	1,295
Proceeds on sale of tangible capital assets	295	1,250	194	568	2,850
Write down on tangible capital assets held for sale	-	-	-	418	-
Change in inventory	(1,269)	(813)	(987)	(138)	(41)
Change in prepaid expenses	(2,455)	192	(913)	2,227	(3,664)
Change in net debt	(40,899)	13,325	14,514	(9,327)	44,156
Net debt, beginning of year	(22,675)	(36,000)	(50,514)	(41,187)	(85,343)
Net debt, end of year	\$ (63,574)	\$ (22,675)	\$ (36,000)	\$ (50,514)	\$ (41,187)
Reserves					
Capital	\$ 119,943	\$ 138,527	\$ 143,821	\$ 169,677	\$ 187,967
Stabilization	86,432	96,643	84,030	51,974	60,334
Future Liability	44,284	46,600	47,617	43,415	43,648
Specified Contribution	20,307	9,233	7,983	1,419	1,419
Total	\$ 270,965	\$ 291,002	\$ 283,451	\$ 266,485	\$ 293,368
Revenue Analysis					
Property taxes and user charges as a percentage of consolidated revenue	62.3%	55.5%	58.6%	60.2%	59.2%
Total grants as a percentage of consolidated revenue	37.7%	33.8%	35.6%	34.5%	35.5%

The Regional Municipality of Niagara

Five Year Statistical Review

December 31, 2022, with comparative information for 2021-2018 (unaudited - in thousands of dollars)

	2022	2021	2020	2019	2018
Tax Levy					
Regional tax levy	\$422,301	\$405,301	\$392,570	\$365,726	\$346,748
Regional government tax levy change (Net tax increase/decrease after assessment growth)	2.87%	1.80%	5.92%	3.82%	2.00%
Taxable Assessment					
Residential and farm	\$55,318,603	\$54,347,323	\$53,383,248	\$50,585,629	\$47,727,464
Commercial, industrial and business	8,397,661	8,413,471	8,407,236	8,071,174	7,654,672
Total	\$63,716,264	\$62,760,794	\$61,790,484	\$58,656,802	\$55,382,136
Per household	\$260,647	\$263,731	\$261,947	\$250,676	\$237,376
Commercial, industrial, business, as a % of taxable assessment	13.2%	13.4%	13.6%	13.8%	13.8%
Typical residents' annual regional property taxes (Average assessment for the Region)	\$1,684	\$1,640	\$1,602	\$1,517	\$1,461

The Regional Municipality of Niagara

Five Year Statistical Review

December 31, 2022

Top Five Regional Commercial Taxpayers

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

Top Five Regional Industrial Taxpayers

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

Niagara Region Top Employers (Total # Of Employees)

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



The Regional Municipality of Niagara

Five Year Statistical Review

December 31, 2022, with comparative information for 2021-2018 (unaudited - in thousands of dollars)

	2022	2021	2020	2019	2018
Statistics					
Population (a)	496,059	484,840	481,727	479,183	472,448
Number of households (b)	212,236	206,071	203,794	201,797	201,063
Average household income (c)	\$ 97,200	\$ 93,357	\$ 91,842	\$ 90,361	\$ 87,322
Niagara Region government full-time employees	4,163	4,292	4,009	3,821	3,741
Unemployment rates (a):					
Niagara Region	5.2%	9.8%	9.6%	5.8%	6.6%
Ontario	5.6%	8.0%	9.6%	5.6%	5.6%
Canada	5.3%	7.5%	9.5%	5.7%	5.8%
Average monthly Ontario Works caseloads	9,887	8,312	9,754	10,084	10,080
Housing starts (d)	2,771	2,698	2,897	3,077	2,332
Annual disposal residential solid waste (metric tonnes)	85,391	85,391	91,186	88,126	87,350
Annual diversion of residential solid waste (metric tonnes)	126,535	126,535	119,050	110,715	111,135
Annual supply of treated water (000 m3)	56,239	54,065	55,517	55,458	58,491
Annual wastewater flows (000 m3)	71,427	67,111	69,213	79,271	76,140
Building Permit Values					
Residential & agricultural (a)	\$1,390,753	\$1,180,978	\$ 948,139	\$ 919,644	\$ 763,804
Business & commercial (a)	152,190	132,401	272,229	289,118	167,511
Industrial (a)	116,825	104,997	68,917	47,560	111,274
Government & institutional (a)	94,410	296,109	88,027	69,669	22,743
	\$1,754,178	\$1,714,485	\$1,377,312	\$1,325,991	\$1,065,332



The Regional Municipality of Niagara

Five Year Statistical Review

December 31, 2022, with comparative information for 2021-2018 (unaudited - in thousands of dollars)

Note:

- 2022 residential solid waste values above are preliminary values based on initial submission for RPRA Blue Box Program Datacall – data verification and publication has not been completed by RPRA.

Source:

(a) Statistics Canada

(b) Municipal Property Assessment Corporation

(c) BMA Management Study weighted by local household count

(d) CMHC Canadian Housing Observer



Niagara  Region

2022 ANNUAL FINANCIAL REPORT

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Burgoyne Bridge in St. Catharines. Photo by: Nick Allan, St. Catharines