



Financial Report

Corporation of the City of Thorold

2011

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# Independent auditor's report

**Grant Thornton LLP**  
Suite B  
222 Catharine Street, PO Box 336  
Port Colborne, ON  
L3K 5W1

T +1 905 834 3651  
F +1 905 834 5095  
E [PortColborne@ca.gt.com](mailto:PortColborne@ca.gt.com)  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To the Members of Council, Inhabitants and Taxpayers of the  
**Corporation of the City of Thorold**

We have audited the accompanying consolidated financial statements of the Corporation of the City of Thorold, which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these consolidated 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.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the City of Thorold as at December 31, 2011, and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Emphasis of matter**

We draw attention to Note 2 to the financial statements which describes the correction in the current period of an error in the prior period.

**Other matter**

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Port Colborne, Canada  
October 2, 2012



Chartered Accountants  
Licensed Public Accountants

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# Corporation of the City of Thorold

## Consolidated Statement of Financial Position

As at December 31, 2011

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	<u>2011</u>	<u>2010</u> (As restated) (Note 2)
<b>Financial assets</b>		
Cash and temporary investments (Note 3)	\$ 14,869,369	\$ 11,823,372
Long term investments (Note 4)	11,318,585	12,605,515
Taxes receivable (Note 5)		
Current year	596,615	418,402
Prior years	1,922,806	1,742,954
User charges receivable	1,221,446	1,221,106
Other receivables	<u>839,562</u>	<u>3,494,019</u>
	<u>30,768,383</u>	<u>31,305,368</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	4,377,468	6,924,624
Deferred revenue – obligatory reserve funds (Note 6)	394,017	399,476
Deferred revenue – other	6,925	5,153
Post-employment benefits (Note 7)	2,203,246	2,078,260
Landfill liability (Note 8)	4,412,575	3,279,803
Long term debt (Note 9)	<u>2,234,058</u>	<u>1,512,262</u>
	<u>13,628,289</u>	<u>14,199,578</u>
<b>Net financial assets</b>	<b>17,140,094</b>	<b>17,105,790</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 10)	93,950,560	92,347,292
Inventory and prepaid expenses	<u>126,427</u>	<u>114,142</u>
<b>Accumulated surplus</b> (Note 11)	<b><u>\$ 111,217,081</u></b>	<b><u>\$ 109,567,224</u></b>

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Commitments and contingencies (Notes 21 and 22)

Approved by

\_\_\_\_\_  
Chief Administrative Officer

\_\_\_\_\_  
Director of Finance

See accompanying notes and schedules to the consolidated financial statements

# Corporation of the City of Thorold

## Consolidated Statement of Operations

For the Year Ended December 31, 2011

	Budget 2011 (Unaudited)	Actual 2011	Actual 2010 (As restated) (Note 2)
<b>Revenue</b>			
Taxation (Note 14)	\$ 11,195,624	\$ 11,058,835	\$ 10,556,378
User fees and charges (Note 16)	7,040,697	7,117,279	6,792,454
Grants (Note 17)	945,657	1,006,134	888,804
Other (Note 18)	1,544,872	1,327,900	1,532,640
	<u>20,726,850</u>	<u>20,510,148</u>	<u>19,770,276</u>
<b>Expenses</b>			
General government	1,185,158	1,229,933	1,188,992
Protection to persons and property	3,613,014	3,909,565	3,687,730
Transportation services	4,134,961	4,279,791	5,035,740
Environmental services	6,749,332	8,100,501	7,124,192
Health services	1,943,173	1,902,794	552,215
Social and family services	51,624	44,537	47,881
Recreation and culture services	2,427,643	3,237,473	3,083,168
Planning and development	649,021	608,467	605,099
	<u>20,753,926</u>	<u>23,313,061</u>	<u>21,325,017</u>
<b>Net expenses</b>	<u>(27,076)</u>	<u>(2,802,913)</u>	<u>(1,554,741)</u>
<b>Other</b>			
Revenue related to tangible capital assets			
User fees and charges (Note 16)	210,940	219,930	484,138
Grants (Note 17)	603,082	4,061,985	1,799,929
Other (Note 18)	-	158,138	222,140
Contributed tangible capital assets	-	-	893,388
Gain on disposal of tangible capital assets	-	12,717	55,842
	<u>814,022</u>	<u>4,452,770</u>	<u>3,455,437</u>
<b>Annual surplus</b>	786,946	1,649,857	1,900,696
<b>Accumulated surplus (Note 11)</b>			
Beginning of year			
As previously reported			106,728,217
Prior period adjustment (Note 2)			<u>938,311</u>
As restated	<u>109,567,224</u>	<u>109,567,224</u>	<u>107,666,528</u>
End of year	<u>\$ 110,354,170</u>	<u>\$ 111,217,081</u>	<u>\$ 109,567,224</u>

See accompanying notes and schedules to the consolidated financial statements

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**Corporation of the City of Thorold**  
**Consolidated Statement of Changes in Net Financial Assets**

For the Year Ended December 31, 2011

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	<u>2011</u>	<u>2010</u> (As restated) (Note 2)
Annual surplus	\$ 1,649,857	\$ 1,900,696
Amortization of tangible capital assets	3,505,822	3,259,913
Acquisition of tangible capital assets	(5,133,260)	(14,002,044)
Proceeds on disposal of tangible capital assets	36,887	134,161
Gain on disposal of tangible capital assets	<u>(12,717)</u>	<u>(55,842)</u>
	46,589	(8,763,116)
Acquisition of inventory and prepaid expenses	<u>(12,285)</u>	<u>(16,428)</u>
Increase (decrease) in net financial assets	34,304	(8,779,544)
<b>Net financial assets</b>		
Beginning of year	<u>17,105,790</u>	<u>25,885,334</u>
End of year	<u>\$ 17,140,094</u>	<u>\$ 17,105,790</u>

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See accompanying notes and schedules to the consolidated financial statements

# Corporation of the City of Thorold

## Consolidated Statement of Cash Flows

For the Year Ended December 31, 2011

	<u>2011</u>	<u>2010</u> (As restated) (Note 2)
<b>Increase (decrease) in cash and cash equivalents</b>		
<b>Operating activities</b>		
Annual surplus	\$ 1,649,857	\$ 1,900,696
Non-cash items		
Amortization of tangible capital assets	3,505,822	3,259,913
Gain on disposal of tangible capital assets	(12,717)	(55,842)
Decrease (increase) in taxes receivable	(358,065)	164,802
Increase in user charges receivable	(340)	(80,167)
Decrease (increase) in other receivables	2,654,457	(2,081,825)
Increase (decrease) in accounts payable and accrued liabilities	(2,547,156)	2,290,581
Decrease in deferred revenue – obligatory	(5,459)	(178,483)
Increase in deferred revenue – other	1,772	-
Increase in employee benefit obligations	124,985	165,075
Increase in landfill liability	1,132,772	569,338
Increase in inventory and prepaid expenses	(12,285)	(16,428)
	<u>6,133,643</u>	<u>5,937,660</u>
<b>Capital activities</b>		
Proceeds on disposal of tangible capital assets	36,887	134,161
Acquisition of tangible capital assets, net of construction in process capitalized	(5,133,260)	(14,002,044)
	<u>(5,096,373)</u>	<u>(13,867,883)</u>
<b>Investing activities</b>		
Decrease (increase) in investments	1,286,930	(1,224,474)
<b>Financing activities</b>		
Proceeds from issuance of long term debt	800,000	-
Repayment of long term debt	(78,203)	(74,036)
	<u>721,797</u>	<u>(74,036)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,045,997</b>	<b>(9,228,733)</b>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>11,823,372</u>	<u>21,052,105</u>
End of year	<u>\$ 14,869,369</u>	<u>\$ 11,823,372</u>

See accompanying notes and schedules to the consolidated financial statements



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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### 1. Significant accounting policies

The consolidated financial statements of the Corporation of the City of Thorold (“the Municipality”) are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipality are as follows:

#### (a) Reporting entity

- (i) The consolidated financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality. In addition to general government tax-supported operations, they include the following:

Thorold Public Library Board  
Thorold Business Improvement Area

Interdepartmental and organizational transactions and balances are eliminated.

- (ii) Trust funds

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the Trust Funds Statement of Financial Position and Operations (Pages 36 and 37).

#### (b) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred.

#### (c) Budget figures

The budget for 2011 is reflected on the Consolidated Statement of Operations. The budget established for 2011 included amounts for capital expenses, however starting in 2009 these expenses have been recorded as tangible capital asset additions. The budget figures do not include full amounts for amortization of tangible capital assets. Since the budgets established for capital are on a project-oriented basis, the costs of which may be carried over one or more years, the budget figures are not directly comparable with the current year actual amounts.

#### (d) Cash and temporary investments

Cash and temporary investments include cash on hand, balances with banks and guaranteed investment certificates.

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### 1. Significant accounting policies (continued)

#### (e) Investments

Investments are recorded at cost.

#### (f) Deferred revenue

Receipts which are restricted by legislation of senior governments or by agreement with external parties are deferred and reported as deferred revenues. When qualifying expenses are incurred, deferred revenues are recognized as revenue at equal amounts. Revenues received in advance of expenses, which will be incurred in a later period, are deferred until they are earned by being matched against those expenses.

#### (g) Employee future benefits

The Municipality pays certain benefits on behalf of its retired employees. These post-employment costs are recognized in the period in which the employees rendered their services to the Municipality. The actuarial determination of the accrued benefit obligations for pension benefits earned by employees uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors).

#### (h) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition.

The Municipality capitalizes interest as part of the costs of its capital assets.

Works of art for display in municipal property are not included as capital assets. The works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The cost of art is not determinable or relevant to their significance. No valuation of the collection has been conducted or disclosed in the consolidated financial statements.

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

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero for all assets with any net gain or loss arising from the disposal of assets recognized in the Consolidated Statement of Operations as "other revenue".

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### 1. Significant accounting policies (continued)

#### (h) Tangible capital assets (continued)

Amortization is based on the following classifications and useful lives:

<u>Classification</u>	<u>Useful Life</u>
Land improvements	10 to 30 years
Buildings	20 to 50 years
Machinery and equipment	3 to 20 years
Vehicles	7 to 20 years
Infrastructure	5 to 75 years

For non-pooled assets, amortization is charged in the year of acquisition beginning in the month subsequent to asset purchase. For pooled assets, amortization is not charged in the year of acquisition and begins in the year subsequent to asset purchase. Assets under construction are not amortized until the asset is available for productive use.

#### (i) Subdivision infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the Municipality. The Municipality is not involved in the construction.

#### (j) Inventory

Inventory is recorded at the lower of average cost and net realizable value.

#### (k) Reserves for future expenses

Certain amounts, as approved by Municipal Council, are set aside in reserves and reserve funds for future operating and capital expenses.

#### (l) Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

#### (m) Investment income

Investment income earned on operating surplus funds and reserves and reserve funds (other than obligatory reserve funds) are recorded as revenue in the period earned. Investment income earned on obligatory reserve funds are recorded directly to each respective fund balance and forms part of the deferred revenue – obligatory reserve funds balance.

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### 1. Significant accounting policies (continued)

#### (n) Region and school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Region of Niagara are not reflected in the accumulated surplus of these financial statements.

#### (o) Use of estimates and measurement uncertainty

The preparation of the financial statements in conformity with Canadian public sector accounting standards 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

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### 2. Prior period adjustment

In 2011 management became aware of an error in the recording of tangible capital assets in 2008. A tangible capital asset in the amount of \$ 990,058 acquired in 2006 was not capitalized and therefore was not reported in the opening tangible capital asset balances nor the investment in tangible capital assets. In addition, the related \$ 64,948 in amortization was not accounted for from the year of acquisition in 2006 to the year ended December 31, 2010. The correction of these errors has been presented by retrospectively restating the comparative figures as follows:

	<u>Increase (decrease)</u>
Tangible capital assets	\$ 925,110
Environmental services expense	13,201
Accumulated surplus	(938,311)

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### 3. Cash and temporary investments

Cash and temporary investments are comprised of:

	<u>2011</u>	<u>2010</u>
Cash on hand and in banks	\$ 14,869,369	\$ 11,823,372
Temporary investments	<u>-</u>	<u>-</u>
	<u>\$ 14,869,369</u>	<u>\$ 11,823,372</u>

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### 4. Long term investments

Long term investments reported on the Consolidated Statement of Financial Position have a market value of \$ 11,594,105 (2010 - \$ 12,926,677). Long term investments consist of Canadian federal, provincial and municipal bonds and bank guaranteed investment certificates.

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### 5. Taxes receivable and revenues

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"). The property tax receivables and tax revenue of the Municipality are subject to measurement uncertainty as a number of appeals submitted by taxpayers have yet to be heard. The Municipality has established an allowance for doubtful accounts in the amount of \$ 406,105 (2010 - \$ 406,105). The Province of Ontario instituted a mandatory capping program through the provisions of Bill 140 which limits assessment related increases in property tax bills.

The Municipality is presently in discussions with the Ministry of Finance with respect to the reduction in taxable-assessed lands associated with Hydro One/Ontario Power Generation. This reduction resulted in a loss of Payment-in-Lieu of Taxes revenue for 2011 of \$ 208,000. In addition, assessment appeals have been filed for the taxation years 2008 to 2010. The outcome of these discussions is presently unknown.

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

### 6. Deferred revenue – obligatory reserve funds

The following balances are reflected as deferred revenue – obligatory reserve funds as provincial legislation restricts how these funds may be used and under certain circumstances these funds may be refunded:

	<u>2011</u>	<u>2010</u>
Park land	\$ 103,914	\$ 108,992
Tree planting	4,650	8,441
Gas tax	516,456	613,874
Development charges	<u>(231,003)</u>	<u>(331,831)</u>
	<u>\$ 394,017</u>	<u>\$ 399,476</u>

The deferred revenue – obligatory reserve funds reported on the Consolidated Statement of Financial Position, are made up of the following:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	<u>\$ 399,476</u>	<u>\$ 577,959</u>
Contributions from		
Development Charges Act	299,086	297,025
Interest earned (paid)	7,705	(5,821)
Gas tax grants received		
Federal	559,021	560,902
Provincial	247,698	243,804
Other revenue	<u>5,300</u>	<u>14,850</u>
Total revenue	<u>1,118,810</u>	<u>1,110,760</u>
Utilized for		
Operations	(292,861)	(304,958)
Tangible capital asset acquisitions	(824,408)	(977,285)
Library operations	<u>(7,000)</u>	<u>(7,000)</u>
	<u>(1,124,269)</u>	<u>(1,289,243)</u>
Balance, end of year	<u>\$ 394,017</u>	<u>\$ 399,476</u>

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

7. Post-employment benefits	<u>2011</u>	<u>2010</u>
Accrued vacation pay	<u>\$ 389,146</u>	<u>\$ 382,067</u>
Accumulated sick leave	<b>857,800</b>	772,930
Post-employment benefits	<u><b>956,300</b></u>	<u>923,263</u>
	<u><b>1,814,100</b></u>	<u>1,696,193</u>
	<u><b>\$ 2,203,246</b></u>	<u>\$ 2,078,260</u>

### Accrued vacation pay

As at December 31, 2011, employees of the Municipality have accumulated vacation pay credits in the amount of \$ 389,146 (2010 - \$ 382,067). Any unused credits may be carried forward to the next year.

### Accumulated sick leave and post-employment benefits

Under the Municipality's sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Municipality's employment. The Municipality pays certain medical and dental benefits for early retirees and life insurance benefits on behalf of its retired employees.

The accrued benefit liability for accumulated sick leave and post-employment benefits as at December 31, 2011 of \$ 1,814,100 (2010 - \$ 1,696,193) was determined by actuarial valuation using a discount rate of 5%. A reserve has been established for the accumulated sick leave liability. The balance as at December 31, 2011 is \$ 656,373 (2010 - \$ 637,239).

	<u>2011</u>	<u>2010</u>
Accrued benefit obligation:		
Beginning of year	<b>\$ 1,892,980</b>	\$ 1,775,475
Benefit expense	<b>95,900</b>	89,585
Interest accrued	<b>94,800</b>	93,547
Benefits adjustment	<b>21,320</b>	81,411
Benefits paid	<b>(94,100)</b>	(147,038)
Actuarial adjustment	<u><b>(722,400)</b></u>	<u>-</u>
End of year	<u><b>\$ 1,288,500</b></u>	<u>\$ 1,892,980</u>
Funded status:		
Employment benefit plan liabilities	<b>\$ 1,288,500</b>	\$ 1,892,980
Unamortized net actuarial gain (loss)	<u><b>525,600</b></u>	<u>(196,787)</u>
Employee benefit plan liability	<u><b>\$ 1,814,100</b></u>	<u>\$ 1,696,193</u>
The accrued benefit obligation consists of the following:		
Accumulated sick leave	<b>\$ 857,800</b>	\$ 772,930
Other post-employment	<u><b>956,300</b></u>	<u>923,263</u>
	<u><b>\$ 1,814,100</b></u>	<u>\$ 1,696,193</u>

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### 7. Post-employment benefits (continued)

The most recent actuarial valuation was performed as at December 31, 2011. The main assumptions employed for the valuation are as follows:

General inflation – future general inflation levels, as measured by changes in the Consumer Price Index (CPI), were assumed at 3% per annum.

Salary levels – future general salary and wage levels were assumed to increase at 3% per annum.

Dental costs – dental costs were assumed to increase to 4% per annum.

Medical costs – medical costs were assumed to increase to 7.5% per annum for 2011 grading down 0.5% per annum to a rate of 4% per annum.

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### 8. Landfill liability

The Municipality owns and monitors one closed landfill site. The liability for post-closure care has been recognized based upon monitoring costs included in the 2011 budget and inflation adjusted at 2.30% per annum. These costs were then discounted to December 31, 2011 using a discount rate of 4.17%. Post-closure care is estimated to be required for an indefinite period and will be funded by future tax levies.

The liability for post-closure care as at December 31, 2011 is \$ 4,412,575 (2010 - \$ 3,279,803). Additional expenses for post-closure care recorded in 2011 were in the amount of \$ 1,298,053 (2010 - \$ 723,482).



# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

### 9. Long term debt 2011 2010

(a) Total long term debt incurred or assumed by the Municipality and outstanding at the end of the year amount to \$ **20,716**      \$ 35,493

In addition, the Municipality has assumed responsibility for the payment of principal and interest charges on certain long term debt issued by other municipalities. At the end of the year the outstanding principal amount of this debt is 2,213,342      1,476,769

Net long term debt, end of year \$ **2,234,058**      \$ 1,512,262

(b) The long term debt in (a) are at interest rates ranging from 3.43% to 5.35%.

(c) Principal repayments in each of the next five years are due as follows:

2012	\$ 124,759
2013	118,098
2014	117,934
2015	122,711
2016	467,646

(d) The long term debt in (a) issued in the name of the Municipality have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service this debt are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(e) Total charges for the year for net long term debt, which are reported on the Consolidated Statement of Operations are as follows:

	<u>2011</u>	<u>2010</u>
Principal	\$ <b>78,203</b>	\$ 74,036
Interest	<u>67,382</u>	<u>80,243</u>
	<u>\$ <b>145,585</b></u>	<u>\$ 154,279</u>

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### 10. Tangible capital assets

The net book value of the tangible capital assets are as follows:

	<u>2011</u>	<u>2010</u> (As restated) (Note 2)
Land	\$ 2,236,957	\$ 2,251,089
Land improvements	5,261,712	5,548,053
Buildings	8,667,924	8,957,036
Machinery and equipment	1,915,783	2,030,139
Vehicles	<u>2,109,032</u>	<u>2,269,858</u>
	<u>20,191,408</u>	<u>21,056,175</u>
Infrastructure		
Transportation	24,271,690	22,187,155
Storm sewers	7,621,713	7,658,602
Sanitary sewers	22,015,331	20,796,932
Infrastructure water	15,467,134	14,633,333
Landfill	<u>-</u>	<u>-</u>
	<u>69,375,868</u>	<u>65,276,022</u>
Construction in process	<u>4,383,284</u>	<u>6,015,095</u>
	<u>\$ 93,950,560</u>	<u>\$ 92,347,292</u>

See pages 26 and 27 for more detail.

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### 11. Accumulated surplus

	<u>2011</u>	<u>2010</u>
Operating deficit	\$ (378,556)	\$ (3,827,095)
Investment in tangible capital assets	93,950,560	92,347,292
Reserves and reserve funds (Note 12)	26,494,956	27,917,352
Unfunded liabilities (Note 13)	<u>(8,849,879)</u>	<u>(6,870,325)</u>
	<u>\$ 111,217,081</u>	<u>\$ 109,567,224</u>

The 2011 operating deficit of the Municipality available for the general reduction of taxation or user charges has been increased by an amount of \$ 79,747; transferred to the reserve for industrial development as authorized by Council. Had this transfer not been made the operating deficit would have been \$ 298,809. The 2010 operating deficit was increased by \$ 123,144; transferred to the reserve for industrial development. Had this transfer not been made the 2010 operating deficit would have been \$ 3,703,951.

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

<b>12. Reserves and reserve funds</b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Reserves set aside by Council for specific purposes:		
Municipal development	\$ 493,932	\$ 405,883
Working funds (uncollectible taxes)	510,000	510,000
Equipment replacement	916,489	553,659
Accumulated sick leave	656,373	637,239
Computer	81,743	75,514
Election	21,305	12,896
Grant stabilization	34,243	133,403
Sewage capital	2,230,697	2,301,844
Water capital	2,113,221	2,337,546
Insurance deductible	238,223	234,231
Industrial development	569,878	1,152,792
Pay equity	129,139	164,178
Winter control	20,393	20,393
Encumbrances	<u>373,669</u>	<u>421,417</u>
Total reserves	<u>8,389,305</u>	<u>8,960,995</u>
Reserve funds set aside by Council for specific purposes:		
Capital assets	14,554	-
Hospital expansion	363	903,438
Transit	138,333	138,333
Arena building	286,737	265,431
Library expansion	28,144	27,756
Hydro proceeds	17,075,609	17,082,549
Mausoleum and cemetery improvements	258,986	190,258
Municipal land and building	210,067	258,551
Port Robinson transportation	40,521	40,020
Thorold pre-recreation (Mel Swart Park)	50,118	47,829
Thorold South Community Centre building	<u>2,219</u>	<u>2,192</u>
Total reserve funds	<u>18,105,651</u>	<u>18,956,357</u>
	<u>\$ 26,494,956</u>	<u>\$ 27,917,352</u>

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## Corporation of the City of Thorold

### Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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#### 12. Reserves and reserve funds (continued)

The reserves and reserve funds are made up of the following:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	<u>\$ 27,917,352</u>	<u>\$ 28,225,236</u>
Contributions from		
Investment income	536,605	539,618
User charges	111,384	129,872
Other revenue	<u>68,759</u>	<u>81,314</u>
	<u>716,748</u>	<u>750,804</u>
Utilized for (provided from) operations	(363,851)	2,049,534
Provided from deferred revenue	7,963	10,000
Utilized for tangible capital asset acquisitions	<u>(1,783,256)</u>	<u>(3,118,222)</u>
	<u>(2,139,144)</u>	<u>(1,058,688)</u>
Balance, end of year	<u>\$ 26,494,956</u>	<u>\$ 27,917,352</u>

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#### 13. Unfunded liabilities

	<u>2011</u>	<u>2010</u>
Post-employment benefits	\$ 2,203,246	\$ 2,078,260
Landfill liability	4,412,575	3,279,803
Long term debt	<u>2,234,058</u>	<u>1,512,262</u>
	<u>\$ 8,849,879</u>	<u>\$ 6,870,325</u>

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

14. Taxation	Budget 2011 (Unaudited)	Actual <u>2011</u>	Actual <u>2010</u>
Real property		\$ 29,576,676	\$ 29,403,572
From other governments			
Payments in lieu of taxes		<u>785,784</u>	<u>1,085,632</u>
		<u>30,362,460</u>	<u>30,489,204</u>
Less: taxation collected on behalf of (Note 15)			
Region of Niagara		12,775,735	12,935,322
School boards		<u>6,527,890</u>	<u>6,997,504</u>
		<u>19,303,625</u>	<u>19,932,826</u>
Net taxes available for municipal purposes		<u>\$ 11,058,835</u>	<u>\$ 10,556,378</u>
Residential, multi-residential and farm	\$ 8,066,687	\$ 8,045,599	\$ 7,453,914
Commercial and industrial	<u>3,128,937</u>	<u>3,013,236</u>	<u>3,102,464</u>
Net taxes available for municipal purposes	<u>\$ 11,195,624</u>	<u>\$ 11,058,835</u>	<u>\$ 10,556,378</u>

### 15. Collections for the Region of Niagara and school boards

Total taxation received or receivable on behalf of the Region of Niagara and the school boards were as follows:

	<u>2011</u>	<u>2010</u>
Region of Niagara	\$ 12,775,735	\$ 12,935,322
School boards	<u>6,527,890</u>	<u>6,997,504</u>
	<u>\$ 19,303,625</u>	<u>\$ 19,932,826</u>

The Municipality is required to levy and collect taxes on behalf of the Region of Niagara and the school boards. These taxes are recorded as revenue at the amounts levied. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

16. User fees and charges	Budget 2011 (Unaudited)	Actual 2011	Actual 2010
<b>Operating</b>			
Fees and service charges	\$ 803,608	\$ 1,000,713	\$ 975,527
Water charges	2,941,800	2,976,979	2,810,182
Sewage charges	2,821,692	2,866,781	2,695,931
Licences and permits	276,171	240,959	239,131
Development charges	<u>197,426</u>	<u>31,847</u>	<u>71,683</u>
	<u>7,040,697</u>	<u>7,117,279</u>	<u>6,792,454</u>
<b>Capital</b>			
Fees and service charges	-	56,257	-
Development charges	<u>210,940</u>	<u>163,673</u>	<u>484,138</u>
	<u>210,940</u>	<u>219,930</u>	<u>484,138</u>
	<u>\$ 7,251,637</u>	<u>\$ 7,337,209</u>	<u>\$ 7,276,592</u>

17. Grants	Budget 2011 (Unaudited)	Actual 2011	Actual 2010
<b>Operating</b>			
Province of Ontario	\$ 572,483	\$ 701,681	\$ 687,576
Government of Canada	323,174	151,445	93,294
Municipal	<u>50,000</u>	<u>153,008</u>	<u>107,934</u>
	<u>945,657</u>	<u>1,006,134</u>	<u>888,804</u>
<b>Capital</b>			
Province of Ontario	-	3,110,475	693,305
Government of Canada	603,082	833,075	1,085,809
Municipal	<u>-</u>	<u>118,435</u>	<u>20,815</u>
	<u>603,082</u>	<u>4,061,985</u>	<u>1,799,929</u>
	<u>\$ 1,548,739</u>	<u>\$ 5,068,119</u>	<u>\$ 2,688,733</u>

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

18. Other revenue	Budget 2011 (Unaudited)	Actual 2011	Actual 2010
<b>Operating</b>			
Penalties and interest on taxes	\$ 553,250	\$ 564,093	\$ 557,550
Fines	62,300	46,094	42,466
Investment income	275,000	90,938	279,534
Investment income – reserves and reserve funds	565,987	536,605	539,618
Rental income	58,335	48,354	8,540
Donations	-	17,187	10,470
Transfer from cemetery and mausoleum care and maintenance trust funds	20,000	15,106	12,274
Other	10,000	9,523	82,188
	<u>1,544,872</u>	<u>1,327,900</u>	<u>1,532,640</u>
<b>Capital</b>			
Donations	-	152,003	160,114
Other	-	6,135	62,026
	<u>-</u>	<u>158,138</u>	<u>222,140</u>
	<u>\$ 1,544,872</u>	<u>\$ 1,486,038</u>	<u>\$ 1,754,780</u>

### 19. Pension agreement

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. 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.

Contributions to OMERS are made at rates ranging from 7.4% to 14.1% depending on the proposed retirement age and the level of earnings. As a result \$ 499,039 (2010 - \$ 423,265) was contributed to OMERS for current service, of which \$ 249,520 (2010 - \$ 211,633) represents the employees' portion.

Under the past service provisions of OMERS, the Municipality is obligated as at December 31, 2011 for the amount of \$ 20,716 (2010 - \$ 35,493) and is currently reflected as part of net long term liabilities on the Consolidated Statement of Financial Position.

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### 20. Trust funds

Trust funds administered by the Municipality amounting to \$ 1,125,726 (2010 - \$ 1,077,961) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

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### 21. Contractual obligations and commitments

#### Capital expenses

The estimated future capital expenditure commitments based on projects in progress at December 31, 2011 is approximately \$ 7,216,274 (2010 - \$ 1,701,000). These projects will be financed by grants, subsidies and long term liabilities in future years.

#### Transit services

The Municipality has a contract for transit services with the St. Catharines Transit Commission at an approximate cost of \$ 499,380 per year. The contract expires on June 30, 2012 and is to be reviewed annually. The remaining commitment at December 31, 2011 was \$ 249,690 (2010 - \$ 234,523).

#### Leases

The Municipality has commitments for operating leases for office equipment and certain premises with various expiry dates up to 2027. The approximate total commitment for each of the next five years is as follows:

2012	\$ 550
2013	300
2014	300
2015	300
2016	300

#### Hospital

The Municipality has an agreement with the Niagara Health System to contribute funding for a new hospital in the amount of \$ 4.3 million, on a net present value basis with a discount rate of 5%. The contributions will be made over a sixteen year period commencing with the first payment of \$ 1,206,860 in 2011, followed by payments of \$ 298,000 per year for the remaining fifteen years up to and including 2026. The contributions are being funded from taxes with an annual levy of approximately \$ 296,000 which commenced in 2008.

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### 22. Contingencies

The Municipality is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the accompanying financial statements.



# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

### 23. Government transfers

The Municipality recognizes the transfer of government funding as revenues or expenses in the period that the events giving rise to the transfer occurred. The government transfers reported on the Consolidated Statement of Operations are:

	<u>2011</u>	<u>2010</u>
Revenue		
Ontario grants		
Ontario Municipal Partnership Fund	\$ 278,700	\$ 309,600
Ontario Power Generation	2,932,000	21,515
Build Canada Funding	5,298	181,497
Recreation Infrastructural Canada	-	44,423
Recreation and cultural	135,109	132,459
Infrastructure	173,178	433,633
Transit – Provincial Gas Tax	256,405	233,134
Miscellaneous	<u>31,466</u>	<u>24,620</u>
	<u>3,812,156</u>	<u>1,380,881</u>
Federal grants		
Transit	127,582	70,000
Cemeteries	21,777	21,294
Build Canada Funding	5,298	181,497
Recreation Infrastructural Canada	-	44,423
Infrastructure	173,178	433,632
Gas tax	<u>656,685</u>	<u>428,257</u>
	<u>984,520</u>	<u>1,179,103</u>
Municipal grants		
Regional Municipality of Niagara		
Provincial Offences Act	62,878	53,830
Capital grants	118,435	20,815
Downtown facade program	12,625	13,500
Miscellaneous	<u>77,505</u>	<u>40,604</u>
	<u>271,443</u>	<u>128,749</u>
	<u>\$ 5,068,119</u>	<u>\$ 2,688,733</u>
Expenses		
Charitable and non-profit organizations	<u>\$ 43,133</u>	<u>\$ 59,184</u>

### 24. Comparative figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### **25. Segmented information**

The City of Thorold provides a wide range of services to its citizens. City services are provided by departments and their activities are reported in the Consolidated Statement of Operations. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

#### **General government**

General government is comprised of City council, administrative department and clerk department.

#### **Protection to persons and property**

Protection to persons and property is comprised of fire department, building department, by-law enforcement department and animal control.

#### **Transportation services**

The transportation department is responsible for the delivery of public works services related to maintenance of roadway systems, maintenance of parks and open spaces, winter control, street lighting, air transportation and maintenance of City buildings.

#### **Environmental services**

Environmental services consists of water, wastewater and solid waste disposal utilities. The department provides drinking water, collecting and treating wastewater, and providing collection disposal and waste minimization programs and facilities.

#### **Health services**

Health service department is responsible for cemetery operations.

#### **Social and family services**

Social and family services department is responsible for providing grants to external agencies.

#### **Recreation and culture services**

Recreation and culture services department is responsible for the delivery and upkeep of all recreation programs and facilities including arena, recreation complex, parks and library.

#### **Planning and development**

Planning and development is responsible for providing planning and zoning advice to the residents of the City and construction and maintenance of City drains.

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### **25. Segmented information** (continued)

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Taxation revenue is allocated to segments in order to show a Nil surplus in each segment, with any excess tax revenue being allocated to the general government segment.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. The consolidated schedules of segment disclosure and the schedules of segment disclosure with budget information follow the notes.

## Corporation of the City of Thorold

### Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2011

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Infrastructure (Note 10)</u>	<u>Construction in Process</u>	<u>2011</u>
<b>Cost</b>								
Beginning of year	\$ 2,251,089	\$ 9,113,251	\$ 14,533,201	\$ 4,241,684	\$ 4,555,268	\$ 97,890,039	\$ 6,015,095	\$ 138,599,627
Add additions	-	204,949	50,380	287,394	85,570	6,136,778	1,737,994	8,503,065
Less disposals during the year	<u>(14,132)</u>	<u>(39,583)</u>	<u>-</u>	<u>(497,684)</u>	<u>(79,838)</u>	<u>(388,743)</u>	<u>(3,369,805)</u>	<u>(4,389,785)</u>
End of year	<u>2,236,957</u>	<u>9,278,617</u>	<u>14,583,581</u>	<u>4,031,394</u>	<u>4,561,000</u>	<u>103,638,074</u>	<u>4,383,284</u>	<u>142,712,907</u>
<b>Accumulated amortization</b>								
Beginning of year	-	3,565,198	5,576,165	2,211,545	2,285,410	32,614,017	-	46,252,335
Add amortization during the year	-	491,290	339,492	401,750	246,396	2,026,894	-	3,505,822
Less amortization on disposals	<u>-</u>	<u>(39,583)</u>	<u>-</u>	<u>(497,684)</u>	<u>(79,838)</u>	<u>(378,705)</u>	<u>-</u>	<u>(995,810)</u>
End of year	<u>-</u>	<u>4,016,905</u>	<u>5,915,657</u>	<u>2,115,611</u>	<u>2,451,968</u>	<u>34,262,206</u>	<u>-</u>	<u>48,762,347</u>
<b>Net book value</b>	<u>\$ 2,236,957</u>	<u>\$ 5,261,712</u>	<u>\$ 8,667,924</u>	<u>\$ 1,915,783</u>	<u>\$ 2,109,032</u>	<u>\$ 69,375,868</u>	<u>\$ 4,383,284</u>	<u>\$ 93,950,560</u>

# Corporation of the City of Thorold

## Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2010  
(As restated – Note 2)

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Infrastructure (Note 10)</u>	<u>Construction in Process</u>	<u>2010</u>
<b>Cost</b>								
Beginning of year	\$ 2,249,499	\$ 6,498,901	\$ 12,927,713	\$ 4,045,784	\$ 4,471,668	\$ 86,049,965	\$ 10,771,696	\$ 127,015,226
Add additions	58,311	2,630,522	1,611,485	520,317	408,225	13,529,785	4,461,729	23,220,374
Less disposals during the year	<u>(56,721)</u>	<u>(16,172)</u>	<u>(5,997)</u>	<u>(324,417)</u>	<u>(324,625)</u>	<u>(1,689,711)</u>	<u>(9,218,330)</u>	<u>(11,635,973)</u>
End of year	<u>2,251,089</u>	<u>9,113,251</u>	<u>14,533,201</u>	<u>4,241,684</u>	<u>4,555,268</u>	<u>97,890,039</u>	<u>6,015,095</u>	<u>138,599,627</u>
<b>Accumulated amortization</b>								
Beginning of year	-	3,150,805	5,267,456	2,159,157	2,383,196	32,371,132	-	45,331,746
Add amortization during the year	-	430,565	314,706	376,805	226,839	1,910,998	-	3,259,913
Less amortization on disposals	<u>-</u>	<u>(16,172)</u>	<u>(5,997)</u>	<u>(324,417)</u>	<u>(324,625)</u>	<u>(1,668,113)</u>	<u>-</u>	<u>(2,339,324)</u>
End of year	<u>-</u>	<u>3,565,198</u>	<u>5,576,165</u>	<u>2,211,545</u>	<u>2,285,410</u>	<u>32,614,017</u>	<u>-</u>	<u>46,252,335</u>
<b>Net book value</b>	<u>\$ 2,251,089</u>	<u>\$ 5,548,053</u>	<u>\$ 8,957,036</u>	<u>\$ 2,030,139</u>	<u>\$ 2,269,858</u>	<u>\$ 65,276,022</u>	<u>\$ 6,015,095</u>	<u>\$ 92,347,292</u>

## Corporation of the City of Thorold

### Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2011

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture Services	Planning and Development	Consolidated
<b>Revenues</b>									
Taxation	\$ 1,954,825	\$ 3,139,915	\$ 2,398,191	\$ 1,147,559	\$ 480,061	\$ 15,936	\$ 1,578,584	\$ 343,764	\$ 11,058,835
User charges	144,851	284,140	33,312	5,992,228	206,634	-	559,263	116,781	7,337,209
Grants	280,787	91,988	3,927,872	570,381	27,225	32,298	97,363	40,205	5,068,119
Other	1,225,569	46,094	19,170	-	30,335	4,000	160,870	-	1,486,038
Gain (loss) on disposal of tangible capital assets	22,256	-	-	(9,539)	-	-	-	-	12,217
	<b>3,628,288</b>	<b>3,562,137</b>	<b>6,378,545</b>	<b>7,700,629</b>	<b>744,255</b>	<b>52,234</b>	<b>2,396,080</b>	<b>500,750</b>	<b>24,962,918</b>
<b>Expenses</b>									
Salaries and benefits	744,711	3,010,435	1,588,053	820,792	455,195	30,701	1,625,019	352,734	8,627,640
Operating materials and supplies	241,277	312,791	835,091	150,285	162,162	13,517	746,615	119,760	2,581,498
Contracted services	27,320	242,206	570,559	6,097,579	(86)	98	106,740	95,024	7,139,440
Rent and financial expenses	(30,248)	27,127	32,585	43,279	10,790	221	18,131	4,806	106,691
External transfers to others	-	-	-	-	1,206,860	-	43,350	34,378	1,284,588
Amortization	179,492	317,006	1,253,503	988,566	67,873	-	697,617	1,765	3,505,822
Debt service	67,382	-	-	-	-	-	-	-	67,382
	<b>1,229,934</b>	<b>3,909,565</b>	<b>4,279,791</b>	<b>8,100,501</b>	<b>1,902,794</b>	<b>44,537</b>	<b>3,237,472</b>	<b>608,467</b>	<b>23,313,061</b>
<b>Annual surplus (deficit)</b>	<b>\$ 2,398,354</b>	<b>\$ (347,428)</b>	<b>\$ 2,098,754</b>	<b>\$ (399,872)</b>	<b>\$(1,158,539)</b>	<b>\$ 7,697</b>	<b>\$ (841,392)</b>	<b>\$ (107,717)</b>	<b>\$ 1,649,857</b>

## Corporation of the City of Thorold

### Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2010  
(As restated – Note 2)

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture Services	Planning and Development	Consolidated
<b>Revenues</b>									
Taxation	\$ 2,200,182	\$2,651,571	\$ 2,109,090	\$ 1,270,993	\$ 692,270	\$ 11,387	\$ 1,303,324	\$ 317,561	\$ 10,556,378
User charges	123,306	259,214	61,174	5,506,012	215,115	-	977,398	134,373	7,276,592
Grants	312,280	75,370	910,527	1,093,852	26,094	29,262	187,244	54,104	2,688,733
Other	1,418,146	42,466	17,021	-	20,809	-	209,755	46,583	1,754,780
Contributed tangible capital assets	58,310	-	412,014	423,064	-	-	-	-	893,388
Gain (loss) on disposal of tangible capital assets	59,791	-	17,650	(21,599)	-	-	-	-	55,842
	4,172,015	3,028,621	3,527,476	8,272,322	954,288	40,649	2,677,721	552,621	23,225,713
<b>Expenses</b>									
Salaries and benefits	798,646	2,839,390	1,616,801	736,881	379,994	29,863	1,486,052	335,532	8,223,159
Operating materials and supplies	271,965	255,394	733,256	82,275	112,084	17,149	681,188	119,411	2,272,722
Contracted services	(117,092)	267,978	1,462,661	5,403,476	8,129	800	213,623	122,356	7,361,931
Rent and financial expenses	4,273	8,673	12,115	11,933	1,441	69	3,962	1,506	43,972
External transfers to others	-	-	-	-	-	-	57,077	26,000	83,077
Amortization	150,957	316,295	1,210,907	889,627	50,567	-	641,266	294	3,259,913
Debt service	80,243	-	-	-	-	-	-	-	80,243
	1,188,992	3,687,730	5,035,740	7,124,192	552,215	47,881	3,083,168	605,099	21,325,017
<b>Annual surplus (deficit)</b>	\$ 2,983,023	\$ (659,109)	\$ (1,508,264)	\$ 1,148,130	\$ 402,073	\$ (7,232)	\$ (405,447)	\$ (52,478)	\$ 1,900,696

# Corporation of the City of Thorold

## Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2011

	Budget 2011 (Unaudited)	Actual 2011	Actual 2010
<b>General government</b>			
<b>Revenue</b>			
Taxation	\$ 2,091,614	\$ 1,954,825	\$ 2,200,182
User charges	96,638	144,851	123,306
Grants	278,700	280,787	312,280
Other	1,444,045	1,225,569	1,418,146
Contributed tangible capital assets	-	-	58,310
Gain on disposal of tangible capital assets	-	<u>22,256</u>	<u>59,791</u>
	<u>3,910,997</u>	<u>3,628,288</u>	<u>4,172,015</u>
<b>Expenses</b>			
Salaries and benefits	732,242	744,711	798,646
Operating materials and supplies	135,026	241,277	271,965
Contracted services	40,883	27,320	(117,092)
Rent and financial expenses	(63,195)	(30,248)	4,273
Amortization	191,690	179,492	150,957
Debt service	<u>148,512</u>	<u>67,382</u>	<u>80,243</u>
	<u>1,185,158</u>	<u>1,229,934</u>	<u>1,188,992</u>
<b>Annual surplus</b>	<u>\$ 2,725,839</u>	<u>\$ 2,398,354</u>	<u>\$ 2,983,023</u>
<b>Protection to persons and property</b>			
<b>Revenue</b>			
Taxation	\$ 3,139,915	\$ 3,139,915	\$ 2,651,571
User charges	271,671	284,140	259,214
Grants	66,000	91,988	75,370
Other	<u>62,300</u>	<u>46,094</u>	<u>42,466</u>
	<u>3,539,886</u>	<u>3,562,137</u>	<u>3,028,621</u>
<b>Expenses</b>			
Salaries and benefits	2,964,336	3,010,435	2,839,390
Operating materials and supplies	314,290	312,791	255,394
Contracted services	157,837	242,206	267,978
Rent and financial expenses	21,551	27,127	8,673
Amortization	<u>155,000</u>	<u>317,006</u>	<u>316,295</u>
	<u>3,613,014</u>	<u>3,909,565</u>	<u>3,687,730</u>
<b>Annual deficit</b>	<u>\$ (73,128)</u>	<u>\$ (347,428)</u>	<u>\$ (659,109)</u>



# Corporation of the City of Thorold

## Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2011

	Budget <u>2011</u> (Unaudited)	Actual <u>2011</u>	Actual <u>2010</u> (As restated) (Note 2)
<b>Transportation services</b>			
<b>Revenue</b>			
Taxation	\$ 2,398,191	\$ <b>2,398,191</b>	\$ 2,109,090
User charges	13,431	<b>33,312</b>	61,174
Grants	1,047,457	<b>3,927,872</b>	910,527
Other	10,411	<b>19,170</b>	17,021
Contributed tangible capital assets	-	-	412,014
Gain on disposal of tangible capital assets	-	-	17,650
	<u>3,469,490</u>	<u><b>6,378,545</b></u>	<u>3,527,476</u>
<b>Expenses</b>			
Salaries and benefits	1,510,329	<b>1,588,053</b>	1,616,801
Operating materials and supplies	845,243	<b>835,091</b>	733,256
Contracted services	778,220	<b>570,559</b>	1,462,661
Rent and financial expenses	29,279	<b>32,585</b>	12,115
Amortization	971,890	<b>1,253,503</b>	1,210,907
	<u>4,134,961</u>	<u><b>4,279,791</b></u>	<u>5,035,740</u>
<b>Annual surplus (deficit)</b>	<u>\$ (665,471)</u>	<u><b>\$ 2,098,754</b></u>	<u>\$ (1,508,264)</u>
<b>Environmental services</b>			
<b>Revenue</b>			
Taxation	\$ 1,147,559	\$ <b>1,147,559</b>	\$ 1,270,993
User charges	5,763,492	<b>5,992,228</b>	5,506,012
Grants	103,082	<b>570,381</b>	1,093,852
Contributed tangible capital assets	-	-	423,064
Loss on disposal of tangible capital assets	-	<b>(9,539)</b>	(21,599)
	<u>7,014,133</u>	<u><b>7,700,629</b></u>	<u>8,272,322</u>
<b>Expenses</b>			
Salaries and benefits	887,579	<b>820,792</b>	736,881
Operating materials and supplies	157,342	<b>150,285</b>	82,275
Contracted services	4,611,486	<b>6,097,579</b>	5,403,476
Rent and financial expenses	43,685	<b>43,279</b>	11,933
Amortization	1,049,240	<b>988,566</b>	889,627
	<u>6,749,332</u>	<u><b>8,100,501</b></u>	<u>7,124,192</u>
<b>Annual surplus (deficit)</b>	<u>\$ 264,801</u>	<u><b>\$ (399,872)</b></u>	<u>\$ 1,148,130</u>

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**Corporation of the City of Thorold**  
**Schedule of Segment Disclosure with Budget Information**

For the Year Ended December 31, 2011

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	Budget <u>2011</u> (Unaudited)	Actual <u>2011</u>	Actual <u>2010</u>
<b>Health services</b>			
<b>Revenue</b>			
Taxation	\$ 480,061	\$ 480,061	\$ 692,270
User charges	91,100	206,634	215,115
Grants	22,000	27,225	26,094
Other	<u>26,400</u>	<u>30,335</u>	<u>20,809</u>
	<u>619,561</u>	<u>744,255</u>	<u>954,288</u>
<b>Expenses</b>			
Salaries and benefits	566,242	455,195	379,994
Operating materials and supplies	144,176	162,162	112,084
Contracted services	(22,773)	(86)	8,129
Rent and financial expenses	10,528	10,790	1,441
External transfers to others	1,206,000	1,206,860	-
Amortization	<u>39,000</u>	<u>67,873</u>	<u>50,567</u>
	<u>1,943,173</u>	<u>1,902,794</u>	<u>552,215</u>
<b>Annual surplus (deficit)</b>	<u>\$ (1,323,612)</u>	<u>\$ (1,158,539)</u>	<u>\$ 402,073</u>
<hr/>			
<b>Social and family services</b>			
<b>Revenue</b>			
Taxation	\$ 15,936	\$ 15,936	\$ 11,387
Grants	31,500	32,298	29,262
Other	<u>-</u>	<u>4,000</u>	<u>-</u>
	<u>47,436</u>	<u>52,234</u>	<u>40,649</u>
<b>Expenses</b>			
Salaries and benefits	34,218	30,701	29,863
Operating materials and supplies	17,092	13,517	17,149
Contracted services	98	98	800
Rent and financial expenses	<u>216</u>	<u>221</u>	<u>69</u>
	<u>51,624</u>	<u>44,537</u>	<u>47,881</u>
<b>Annual surplus (deficit)</b>	<u>\$ (4,188)</u>	<u>\$ 7,697</u>	<u>\$ (7,232)</u>

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## Corporation of the City of Thorold

### Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2011

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	Budget <u>2011</u> (Unaudited)	Actual <u>2011</u>	Actual <u>2010</u>
<b>Recreation and culture services</b>			
<b>Revenue</b>			
Taxation	\$ 1,578,584	\$ <b>1,578,584</b>	\$ 1,303,324
User charges	781,718	<b>559,263</b>	977,398
Grants	-	<b>97,363</b>	187,244
Other	<u>1,716</u>	<u><b>160,870</b></u>	<u>209,755</u>
	<u>2,362,018</u>	<u><b>2,396,080</b></u>	<u>2,677,721</u>
<b>Expenses</b>			
Salaries and benefits	1,169,645	<b>1,625,019</b>	1,486,052
Operating materials and supplies	1,081,098	<b>746,615</b>	681,188
Contracted services	(8,783)	<b>106,740</b>	213,623
Rent and financial expenses	18,423	<b>18,131</b>	3,962
External transfers to others	69,260	<b>43,350</b>	57,077
Amortization	<u>98,000</u>	<u><b>697,617</b></u>	<u>641,266</u>
	<u>2,427,643</u>	<u><b>3,237,472</b></u>	<u>3,083,168</u>
<b>Annual deficit</b>	<u>\$ (65,625)</u>	<u><b>\$ (841,392)</b></u>	<u>\$ (405,447)</u>
<hr/>			
<b>Planning and development</b>			
<b>Revenue</b>			
Taxation	\$ 343,764	\$ <b>343,764</b>	\$ 317,561
User charges	233,587	<b>116,781</b>	134,373
Grants	-	<b>40,205</b>	54,104
Other	<u>-</u>	<u>-</u>	<u>46,583</u>
	<u>577,351</u>	<u><b>500,750</b></u>	<u>552,621</u>
<b>Expenses</b>			
Salaries and benefits	346,790	<b>352,734</b>	335,532
Operating materials and supplies	142,207	<b>119,760</b>	119,411
Contracted services	35,305	<b>95,024</b>	122,356
Rent and financial expenses	4,869	<b>4,806</b>	1,506
External transfers to others	119,850	<b>34,378</b>	26,000
Amortization	<u>-</u>	<u><b>1,765</b></u>	<u>294</u>
	<u>649,021</u>	<u><b>608,467</b></u>	<u>605,099</u>
<b>Annual deficit</b>	<u>\$ (71,670)</u>	<u><b>\$ (107,717)</b></u>	<u>\$ (52,478)</u>

# Independent auditor's report

**Grant Thornton LLP**  
Suite B  
222 Catharine Street, PO Box 336  
Port Colborne, ON  
L3K 5W1  
  
T +1 905 834 3651  
F +1 905 834 5095  
E [PortColborne@ca.gt.com](mailto:PortColborne@ca.gt.com)  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To the Members of Council, Inhabitants and Taxpayers of the  
**Corporation of the City of Thorold**

We have audited the accompanying consolidated financial statements of the trust funds of the Corporation of the City of Thorold, which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statement of operations for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements have been prepared by management based on the financial reporting provisions prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing.

## **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these consolidated 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.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the City of Thorold as at December 31, 2011, and the results of its operations for the year then ended in accordance with the financial reporting provisions of the Ministry of Municipal Affairs and Housing.

**Basis of accounting and restriction on use**

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared to assist the trust funds of the Corporation of the City of Thorold to comply with the reporting provisions of the Ministry of Municipal Affairs and Housing. As a result, the consolidated financial statements may not be suitable for another purpose. Our report is intended solely for the City of Thorold and should not be used by parties other than the City.

Port Colborne, Canada  
October 2, 2012

*Grant Thornton LLP*

Chartered Accountants  
Licensed Public Accountants

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**Corporation of the City of Thorold  
Trust Funds  
Consolidated Statement of Financial Position**

As at December 31, 2011

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	<u>Cemetery Care and Maintenance</u>	<u>Mausoleum Care and Maintenance</u>	<u>Monument and Marker Care</u>	<b><u>Total 2011</u></b>	<u>Total 2010</u>
<b>Assets</b>					
Cash	\$ 70,009	\$ 218,515	\$ 79,001	<b>\$ 367,525</b>	\$ 969,008
Accounts receivable	-	8,237	-	<b>8,237</b>	13,953
Due from operating fund	-	-	-	-	-
Investments (Note 2)	<u>324,982</u>	<u>424,982</u>	<u>-</u>	<b><u>749,964</u></b>	<u>95,000</u>
<b>Accumulated surplus</b>	<b><u>\$ 394,991</u></b>	<b><u>\$ 651,734</u></b>	<b><u>\$ 79,001</u></b>	<b><u>\$ 1,125,726</u></b>	<b><u>\$ 1,077,961</u></b>

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See accompanying notes to the consolidated financial statements

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**Corporation of the City of Thorold**  
**Trust Funds**  
**Consolidated Statement of Operations**

For the Year Ended December 31, 2011

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	Cemetery Care and <u>Maintenance</u>	Mausoleum Care and <u>Maintenance</u>	Monument and Marker <u>Care</u>	<b>Total <u>2011</u></b>	Total <u>2010</u>
<b>Revenue</b>					
Marker fees	\$ -	\$ -	\$ 2,350	<b>\$ 2,350</b>	\$ 3,250
Sales of crypts/niches	-	36,550	-	<b>36,550</b>	41,968
Sale of plots	8,865	-	-	<b>8,865</b>	12,924
Interest	<u>5,574</u>	<u>8,557</u>	<u>975</u>	<b><u>15,106</u></b>	<u>12,274</u>
	14,439	45,107	3,325	<b>62,871</b>	70,416
<b>Expenses</b>					
Contributions to City operations	<u>5,574</u>	<u>8,557</u>	<u>975</u>	<b><u>15,106</u></b>	<u>12,274</u>
<b>Annual surplus</b>	8,865	36,550	2,350	<b>47,765</b>	58,142
<b>Accumulated surplus</b>					
Beginning of year	<u>386,126</u>	<u>615,184</u>	<u>76,651</u>	<b><u>1,077,961</u></b>	<u>1,019,819</u>
End of year	<b><u>\$ 394,991</u></b>	<b><u>\$ 651,734</u></b>	<b><u>\$ 79,001</u></b>	<b><u>\$ 1,125,726</u></b>	<b><u>\$ 1,077,961</u></b>

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See accompanying notes to the consolidated financial statements

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# Corporation of the City of Thorold

## Trust Funds

### Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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#### 1. Accounting policies

The consolidated financial statements of the City of Thorold Trust Funds are prepared by management in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These estimates have been made using careful judgments.

Significant aspects of the accounting policies adopted are as follows:

##### (a) Basis of accounting

Sources of revenue and expenses are reported on the cash basis of accounting. The cash basis of accounting records revenues in the period they are received and expenses in the period they are paid.

##### (b) Investments

Investments are recorded at cost.

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#### 2. Investments

Trust fund investments of \$ 749,964 (2010 - \$ 95,000) have an estimated market value of \$ 747,078 (2010 - \$ 95,000). Investments consist of Canadian federal, provincial and municipal bonds and bank guaranteed investment certificates.