

Financial Report

Corporation of the City of Thorold

2015

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Independent auditor's report

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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, 2015, 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, 2015, 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.

Grant Thornton LLP

Port Colborne, Canada
June 21, 2016

Chartered Professional Accountants
Licensed Public Accountants

Corporation of the City of Thorold

Consolidated Statement of Financial Position

As at December 31

2015

2014

Financial assets

Cash and cash equivalents	\$ 18,826,713	\$ 17,128,822
Portfolio investments (Note 2)	12,966,028	11,821,494
Taxes receivable (Note 3)		
Current year	730,049	551,096
Prior years	1,842,004	1,519,759
User charges receivable	1,224,471	1,248,367
Other receivables	<u>1,277,004</u>	<u>1,613,730</u>
	<u>36,866,269</u>	<u>33,883,268</u>

Liabilities

Accounts payable and accrued liabilities	5,139,468	4,185,704
Deferred revenue – obligatory reserve funds (Note 4)	2,960,290	2,641,546
Deferred revenue – other	7,654	5,154
Post-employment benefits (Note 5)	2,386,604	2,331,475
Landfill liability (Note 6)	5,377,850	5,336,020
Contaminated sites liability (Note 7)	114,700	-
Long term debt (Note 8)	<u>1,750,567</u>	<u>1,873,278</u>
	<u>17,737,133</u>	<u>16,373,177</u>

Net financial assets

19,129,136 17,510,091

Non-financial assets

Tangible capital assets (Note 9)	97,363,147	97,475,095
Inventory and prepaid expenses	<u>125,536</u>	<u>140,008</u>

Accumulated surplus (Note 10)

\$ 116,617,819 \$ 115,125,194

Commitments and contingencies (Notes 20 and 21)

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, 2015

	Budget <u>2015</u> (Note 25)	Actual <u>2015</u>	Actual <u>2014</u>
Revenue			
Taxation (Note 13)	\$ 13,931,049	\$ 13,085,540	\$ 13,647,141
User fees and charges (Note 15)	8,153,389	8,093,678	7,754,236
Government transfers (Note 16)	1,149,838	787,410	906,012
Other (Note 17)	<u>1,570,863</u>	<u>2,068,550</u>	<u>1,434,339</u>
	<u>24,805,139</u>	<u>24,035,178</u>	<u>23,741,728</u>
Expenses			
General government	1,622,841	1,461,373	1,535,624
Protection to persons and property	4,433,636	4,522,949	4,383,595
Transportation services	5,406,666	5,437,398	5,264,953
Environmental services	7,611,217	7,457,644	8,243,551
Health services	1,166,473	1,091,494	1,079,871
Social and family services	276,571	286,599	192,618
Recreation and culture services	3,352,817	3,346,593	3,392,629
Planning and development	<u>811,141</u>	<u>772,483</u>	<u>855,448</u>
	<u>24,681,362</u>	<u>24,376,533</u>	<u>24,948,289</u>
Net expenses	<u>123,777</u>	<u>(341,355)</u>	<u>(1,206,561)</u>
Other			
Revenue related to tangible capital assets			
User fees and charges (Note 15)	1,636,284	927,703	497,725
Government transfers (Note 16)	647,878	599,791	636,615
Other (Note 17)	354,732	294,797	238,607
Gain on disposal of tangible capital assets	<u>-</u>	<u>11,689</u>	<u>110,716</u>
	<u>2,638,894</u>	<u>1,833,980</u>	<u>1,483,663</u>
Annual surplus	2,762,671	1,492,625	277,102
Accumulated surplus (Note 10)			
Beginning of year	<u>115,125,194</u>	<u>115,125,194</u>	<u>114,848,092</u>
End of year	<u>\$ 117,887,865</u>	<u>\$ 116,617,819</u>	<u>\$ 115,125,194</u>

See accompanying notes and schedules to the consolidated financial statements

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

For the Year Ended December 31, 2015

	Budget <u>2015</u> (Note 25)	Actual <u>2015</u>	Actual <u>2014</u>
Annual surplus	\$ 2,762,671	\$ 1,492,625	\$ 277,102
Amortization of tangible capital assets	3,975,536	3,975,536	3,924,475
Acquisition of tangible capital assets	(8,352,393)	(3,864,488)	(2,007,958)
Proceeds on disposal of tangible capital assets	-	12,590	237,834
Gain on disposal of tangible capital assets	-	(11,689)	(110,716)
	(1,614,186)	1,604,574	2,320,737
Use (acquisition) of inventory and prepaid expenses	-	14,471	(9,174)
Increase (decrease) in net financial assets	(1,614,186)	1,619,045	2,311,563
Net financial assets			
Beginning of year	<u>17,510,091</u>	<u>17,510,091</u>	<u>15,198,528</u>
End of year	<u>\$ 15,895,905</u>	<u>\$ 19,129,136</u>	<u>\$ 17,510,091</u>

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

2015

2014

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual surplus	\$ 1,492,625	\$ 277,102
Non-cash items		
Amortization of tangible capital assets	3,975,536	3,924,475
Gain on disposal of tangible capital assets	(11,689)	(110,716)
Changes in:		
Taxes receivable	(501,198)	809,832
User charges receivable	23,896	(7,391)
Other receivables	336,726	507,104
Accounts payable and accrued liabilities	953,764	(1,098,150)
Deferred revenue – obligatory reserve funds	318,744	1,618,452
Deferred revenue – other	2,500	-
Post-employment benefits	55,129	136,375
Landfill liability	41,830	440,187
Contaminated sites	114,700	-
Inventory and prepaid expenses	14,471	(9,174)
	<u>6,817,034</u>	<u>6,488,096</u>
Capital activities		
Proceeds on disposal of tangible capital assets	12,590	237,834
Acquisition of tangible capital assets, net of construction in process capitalized	<u>(3,864,488)</u>	<u>(2,007,958)</u>
	<u>(3,851,898)</u>	<u>(1,770,124)</u>
Investing activities		
Increase in portfolio investments	<u>(1,144,534)</u>	<u>(204,752)</u>
Financing activities		
Repayment of long term debt	<u>(122,711)</u>	<u>(117,933)</u>
Net increase in cash and cash equivalents	1,697,891	4,395,287
Cash and cash equivalents		
Beginning of year	<u>17,128,822</u>	<u>12,733,535</u>
End of year	<u>\$ 18,826,713</u>	<u>\$ 17,128,822</u>

See accompanying notes and schedules to the consolidated financial statements

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

1. Significant accounting policies

Management responsibility

The consolidated financial statements of the City of Thorold ("Municipality") are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of the 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 significant accounting policies used 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 and their related operations administered by the Municipality are not consolidated, but are reported separately on the Trust Funds Statements of Financial Position and Operations (Pages 37 and 38).

(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) Cash and cash equivalents

Cash and cash equivalents are represented by cash on hand, cash on deposit in chartered banks and investments that mature within three months.

(d) Portfolio investments

Portfolio investments are valued at the lower of cost and market value. Interest income is reported as revenue in the period earned.

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

1. Significant accounting policies (continued)

(e) 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.

(f) 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).

(g) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Municipality:
 - is directly responsible; or
 - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(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.

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

1. Significant accounting policies (continued)

(h) Tangible capital assets (continued)

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.

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.

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

1. Significant accounting policies (continued)

(l) Revenue recognition

i) Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Region of Niagara and the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments of the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the Region of Niagara and school boards, as appropriate.

ii) User charges

User charges are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

iii) Government transfers

Government transfers are recognized in the consolidated 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.

iv) Other

Other revenue is recorded when it is earned and collection is reasonably assured.

v) 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.

(m) Local improvements

The Municipality records capital expenses funded by local improvement agreements as they are incurred. Revenues are recognized in the year they become payable.

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

1. Significant accounting policies (continued)

(n) Region of Niagara 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 consolidated financial statements.

(o) Use of estimates

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(p) Change in accounting policy

In June, 2010, the Public Sector Accounting Board (PSAB) issued the Liability for Contaminated Sites standard PS 3260 effective for fiscal years beginning on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into the air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

In the past, the Municipality would have only reported environmental liabilities based on its obligations resulting from federal legislation. The new PSAB standard requires that provincial legislation or regulation also be considered when reporting environmental liabilities even if no order for remediation has been issued, but the contamination is in excess of the standard. Environmental clean-up is often linked to past industrial activities.

This change has been applied prospectively without the restatement of prior periods.

2. Portfolio investments	<u>2015</u>	<u>2014</u>
Guaranteed investment certificates	\$ 3,026,346	\$ 2,030,068
Federal, provincial and municipal bonds	<u>9,939,682</u>	<u>9,791,426</u>
	<u>\$ 12,966,028</u>	<u>\$ 11,821,494</u>

Portfolio investments carry an effective interest rate ranging from 1.82% to 4.90% and maturity dates ranging from February, 2016 to November, 2025. Interest is receivable on an annual basis. Portfolio investments reported on the Consolidated Statement of Financial Position have a market value of \$ 13,829,623 (2014 - \$ 12,339,768).

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

3. Taxes receivable

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 \$ 1,235,030 (2014 - \$ 1,235,030). The Province of Ontario instituted a mandatory capping program through the provisions of Bill 140 which limits assessment related increases in property tax bills.

4. 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>2015</u>	<u>2014</u>
Parkland	\$ 130,879	\$ 100,645
Building code	325,392	324,871
Ontario Sport & Recreation Community grant	35,833	-
Tree planting	4,876	4,826
Gas tax	629,583	527,000
Development charges	<u>1,833,727</u>	<u>1,684,204</u>
	<u>\$ 2,960,290</u>	<u>\$ 2,641,546</u>

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

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	<u>\$ 2,641,546</u>	<u>\$ 1,023,094</u>
Contributions from Development Charges Act	1,143,951	1,684,308
Interest earned	36,618	21,813
Federal gas tax grant received	519,199	534,135
Provincial gas tax grant received	248,084	286,237
Infrastructure grants received	116,878	-
Other revenue	<u>64,971</u>	<u>150,429</u>
	<u>2,129,701</u>	<u>2,676,922</u>
Utilized for		
Operations	(401,253)	(428,178)
Tangible capital asset acquisitions	<u>(1,409,704)</u>	<u>(630,292)</u>
	<u>(1,810,957)</u>	<u>(1,058,470)</u>
Balance, end of year	<u>\$ 2,960,290</u>	<u>\$ 2,641,546</u>

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

5. Post-employment benefits	<u>2015</u>	<u>2014</u>
Accrued vacation pay	<u>\$ 471,974</u>	<u>\$ 437,575</u>
Accumulated sick leave	<u>855,533</u>	812,000
Post-employment benefits	<u>1,059,097</u>	<u>1,081,900</u>
	<u>1,914,630</u>	<u>1,893,900</u>
	<u>\$ 2,386,604</u>	<u>\$ 2,331,475</u>

Accrued vacation pay

As at December 31, 2015, employees of the Municipality have accumulated vacation pay credits in the amount of \$ 471,974 (2014 - \$ 437,575). 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, 2015 of \$ 1,914,630 (2014 - \$ 1,893,900) was determined by actuarial valuation using a discount rate of 4%. A reserve has been established for the accumulated sick leave liability. The balance as at December 31, 2015 is \$ 780,736 (2014 - \$ 720,085).

	<u>2015</u>	<u>2014</u>
Accrued benefit obligation:		
Beginning of year	\$ 1,385,600	\$ 1,323,643
Benefit expense	75,600	84,700
Interest accrued	55,500	68,900
Benefits paid	(80,070)	(62,043)
Past service costs due to plan amendment	-	55,700
Fiscal loss on liabilities	-	(85,300)
	<u>\$ 1,436,630</u>	<u>\$ 1,385,600</u>
Funded status:		
Employment benefit plan liabilities	\$ 1,436,630	\$ 1,385,600
Unamortized net actuarial gain	<u>478,000</u>	<u>508,300</u>
	<u>\$ 1,914,630</u>	<u>\$ 1,893,900</u>
The accrued benefit obligation consists of the following:		
Accumulated sick leave	\$ 855,533	\$ 812,000
Other post-employment	<u>1,059,097</u>	<u>1,081,900</u>
	<u>\$ 1,914,630</u>	<u>\$ 1,893,900</u>

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

5. Post-employment benefits (continued)

The most recent actuarial valuation was performed as at December 31, 2014. 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 5.5% per annum for 2015 grading down 0.5% per annum to a rate of 4% per annum.

6. 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 2015 budget and inflation adjusted at 1.60% per annum. These costs were then discounted to December 31, 2015 using a discount rate of 4.23%. 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, 2015 is \$ 5,377,850 (2014 - \$ 5,336,020). Additional expenses for post-closure care recorded in 2015 were in the amount of \$ 210,753 (2014 - \$ 558,784).

7. Contaminated sites liability

The Municipality reports environmental liabilities related to the management and remediation of contaminated sites where the Municipality is obligated or likely obligated to incur such costs.

The Municipality has identified one property where environmental assessments have indicated soil contamination that exceeds current environmental standards.

A contaminated sites liability of \$ 114,700 has been recorded based on estimated future remediation costs in 2104 of between \$ 900,000 and \$ 1,200,000 using a present value technique at a discount rate of 4.23%.

The Municipality's ongoing efforts to assess contaminated sites may result in future environmental remediation liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any changes to the Municipality's liabilities for contaminated sites will be accrued in the year in which they are assessed as likely and reasonably estimable.

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

8. Long term debt 2015 2014

- (a) 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

\$ 1,750,567 \$ 1,873,278

- (b) The balance of net long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

Debenture <u>Number</u>	<u>Purpose</u>	Interest <u>Rates</u>	Maturity <u>Date</u>	<u>2015</u>	<u>2014</u>
57-2006	City Hall	4.89%	2016	\$ 365,000	\$ 389,000
60-2006	City Hall	5.354%	2026	405,365	431,833
129-2011	City Hall	3.43%	2026	<u>980,202</u>	<u>1,052,445</u>
				<u>\$ 1,750,567</u>	<u>\$ 1,873,278</u>

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

2016	\$ 467,647
2017	106,746
2018	111,017
2019	115,468
2020	120,105

- (d) The long term debt in (a) issued in the name of the Municipality was 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>2015</u>	<u>2014</u>
Principal	\$ 122,711	\$ 117,934
Interest	<u>77,083</u>	<u>81,998</u>
	<u>\$ 199,794</u>	<u>\$ 199,932</u>

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

9. Tangible capital assets

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

	<u>2015</u>	<u>2014</u>
Land	\$ 2,232,141	\$ 2,232,141
Land improvements	3,758,894	4,223,727
Buildings	12,654,220	11,793,652
Machinery and equipment	1,582,357	1,685,181
Vehicles	<u>1,758,187</u>	<u>1,990,100</u>
	<u>21,985,799</u>	<u>21,924,801</u>
Infrastructure		
Transportation	25,687,966	26,231,840
Storm sewers	6,822,052	7,021,968
Sanitary sewers	26,346,542	26,455,977
Infrastructure water	<u>15,252,302</u>	<u>15,474,017</u>
	<u>74,108,862</u>	<u>75,183,802</u>
Construction in process	<u>1,268,486</u>	<u>366,492</u>
	<u>\$ 97,363,147</u>	<u>\$ 97,475,095</u>

See Pages 27 and 28 for more detail.

10. Accumulated surplus

	<u>2015</u>	<u>2014</u>
Operating deficit	\$ (5,612,371)	\$ (5,008,380)
Investment in tangible capital assets	97,363,147	97,475,095
Reserves and reserve funds (Note 11)	34,496,764	32,199,252
Unfunded liabilities (Note 12)	<u>(9,629,721)</u>	<u>(9,540,773)</u>
	<u>\$ 116,617,819</u>	<u>\$ 115,125,194</u>

The 2015 operating deficit of the Municipality available for the general reduction of taxation or user charges has been decreased by an amount of \$ 132,462; transferred from the reserve for industrial development as authorized by Council. Had this transfer not been made the operating deficit would have been \$ 5,744,833. The 2014 operating deficit was decreased by \$ 122,875; transferred from the reserve for industrial development. Had this transfer not been made the 2014 operating deficit would have been \$ 5,131,255.

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

11. Reserves and reserve funds	<u>2015</u>	<u>2014</u>
Reserves set aside by Council for specific purposes:		
Municipal development	\$ 684,563	\$ 716,592
Working funds (uncollectible taxes)	510,000	510,000
Equipment replacement	1,963,137	1,518,694
Accumulated sick leave	780,736	720,085
Computer	94,476	139,394
Contingencies	147,259	132,355
Election	21,319	7,803
Grant stabilization	-	10,559
Sewage capital	2,985,737	2,383,831
Water capital	4,446,355	3,499,953
Insurance deductible	224,288	275,402
Industrial development	847,190	1,008,823
Pay equity	54,462	54,068
Winter control	63,668	63,668
Encumbrances	<u>549,852</u>	<u>560,758</u>
Total reserves	<u>13,373,042</u>	<u>11,601,985</u>
Reserve funds set aside by Council for specific purposes:		
Beaverdams church	-	1,438
Capital assets	667,229	615,398
Transportation asset replacement	996,563	438,370
Hospital expansion	7,514	3,748
Transit	104,810	138,333
Arena building	358,370	356,103
Library expansion	29,588	29,266
Hydro proceeds	17,037,258	17,037,240
Mausoleum and cemetery improvements	438,242	439,886
Municipal land and building	519,061	573,711
Niagara Falls bridge	769,287	761,357
Parking	86,033	102,062
Port Robinson transportation	89,675	77,440
Thorold pre-recreation (Mel Swart Park)	16,048	19,755
Thorold South Community Centre building	2,328	2,304
Darlene Ryan Port Robinson Community Centre	<u>1,716</u>	<u>856</u>
Total reserve funds	<u>21,123,722</u>	<u>20,597,267</u>
	<u>\$ 34,496,764</u>	<u>\$ 32,199,252</u>

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

11. Reserves and reserve funds (continued)

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

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	<u>\$ 32,199,252</u>	<u>\$ 29,934,468</u>
Contributions from		
Investment income	529,485	550,574
User charges	23,116	45,973
Other revenue	<u>6,037</u>	<u>237,423</u>
	<u>558,638</u>	<u>833,970</u>
(Utilized for) provided from operations	(93,564)	344,919
Provided for tangible capital asset acquisitions	<u>1,832,438</u>	<u>1,085,895</u>
	<u>1,738,874</u>	<u>1,430,814</u>
Balance, end of year	<u>\$ 34,496,764</u>	<u>\$ 32,199,252</u>

12. Unfunded liabilities

	<u>2015</u>	<u>2014</u>
Post-employment benefits	\$ 2,386,604	\$ 2,331,475
Landfill liability	5,377,850	5,336,020
Contaminated sites	114,700	-
Long term debt	<u>1,750,567</u>	<u>1,873,278</u>
	<u>\$ 9,629,721</u>	<u>\$ 9,540,773</u>

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

13. Taxation	Budget 2015 (Note 25)	Actual 2015	Actual 2014
Real property		\$ 29,987,910	\$ 32,998,391
From other governments			
Payments in lieu of taxes		<u>1,129,707</u>	<u>1,115,625</u>
		<u>31,117,617</u>	<u>34,114,016</u>
Less: taxation collected on behalf of (Note 14)			
Region of Niagara		13,211,863	14,166,846
School boards		<u>4,820,214</u>	<u>6,300,029</u>
		<u>18,032,077</u>	<u>20,466,875</u>
Net taxes available for municipal purposes		<u>\$ 13,085,540</u>	<u>\$ 13,647,141</u>
Residential, multi-residential and farm	\$ 10,489,766	\$ 10,629,598	\$ 10,130,526
Commercial and industrial	<u>3,441,283</u>	<u>2,455,942</u>	<u>3,516,615</u>
Net taxes available for municipal purposes	<u>\$ 13,931,049</u>	<u>\$ 13,085,540</u>	<u>\$ 13,647,141</u>

14. 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>2015</u>	<u>2014</u>
Region of Niagara	\$ 13,211,863	\$ 14,166,846
School boards	<u>4,820,214</u>	<u>6,300,029</u>
	<u>\$ 18,032,077</u>	<u>\$ 20,466,875</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, 2015

15. User fees and charges	Budget 2015 (Note 25)	Actual 2015	Actual 2014
Operating			
Fees and service charges	\$ 817,181	\$ 790,754	\$ 845,284
Water charges	3,270,452	3,270,245	3,136,637
Sewage charges	3,581,821	3,550,672	3,381,712
Licences and permits	455,535	385,846	387,405
Development charges	<u>28,400</u>	<u>96,161</u>	<u>3,198</u>
	<u>8,153,389</u>	<u>8,093,678</u>	<u>7,754,236</u>
Capital			
Fees and service charges	-	1,179	218,832
Development charges	<u>1,636,284</u>	<u>926,524</u>	<u>278,893</u>
	<u>1,636,284</u>	<u>927,703</u>	<u>497,725</u>
	<u>\$ 9,789,673</u>	<u>\$ 9,021,381</u>	<u>\$ 8,251,961</u>
16. Government transfers			
	Budget 2015 (Note 25)	Actual 2015	Actual 2014
Operating			
Province of Ontario	\$ 817,151	\$ 619,082	\$ 660,113
Government of Canada	199,940	104,391	101,851
Municipal	<u>132,747</u>	<u>63,937</u>	<u>144,048</u>
	<u>1,149,838</u>	<u>787,410</u>	<u>906,012</u>
Capital			
Province of Ontario	128,878	117,707	26,336
Government of Canada	519,000	335,222	462,169
Municipal	<u>-</u>	<u>146,862</u>	<u>148,110</u>
	<u>647,878</u>	<u>599,791</u>	<u>636,615</u>
	<u>\$ 1,797,716</u>	<u>\$ 1,387,201</u>	<u>\$ 1,542,627</u>

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

17. Other	Budget 2015 (Note 25)	Actual 2015	Actual 2014
Operating			
Penalties and interest on taxes	\$ 602,000	\$ 617,287	\$ 638,258
Fines	76,500	59,065	50,910
Investment income	250,500	106,934	83,791
Investment income – reserves and reserve funds	551,928	529,485	550,574
Rental income	69,535	70,480	74,137
Donations	-	11,373	5,622
Transfer from the Corporation of the City of Thorold - Trust Funds	20,400	30,349	31,047
Other	-	643,577	-
	<u>1,570,863</u>	<u>2,068,550</u>	<u>1,434,339</u>
Capital			
Donations	-	15,000	17,280
Other	354,732	279,797	221,327
	<u>354,732</u>	<u>294,797</u>	<u>238,607</u>
	<u>\$ 1,925,595</u>	<u>\$ 2,363,347</u>	<u>\$ 1,672,946</u>

18. Pension agreement

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the Plan.

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of \$ 5.3 billion (2014 - \$ 5.3 billion) based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2015 calendar year at rates ranging from 9.0% to 15.8% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Consolidated Statement of Operations. Employer contributions to OMERS for 2015 current and past service was \$ 758,455 (2014 - \$ 671,585) and were matched by employee contributions in a similar amount.

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

19. Corporation of the City of Thorold – Trust Funds

Trust Funds administered by the Municipality amounting to \$ 1,242,937 (2014 - \$ 1,222,683) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

20. Commitments

Capital expenses

The estimated future capital expense commitments based on projects in progress at December 31, 2015 is approximately \$ 1,798,179 (2014 - \$ 381,000). 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. The Municipality's charges for the year is determined using the forecasted expenses less the actual revenues generated for the previous year. The fee is also impacted by any service changes made, but in a typical year the fee increases between 3% and 5%. The contract expires on December 31, 2018.

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:

2016	\$ 17,454
2017	13,924
2018	11,690
2019	4,997
2020	200

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 \$ 298,000 which commenced in 2008.

21. 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 consolidated financial statements.

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

22. 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>2015</u>	<u>2014</u>
Revenue		
Ontario grants		
Ontario Municipal Partnership Fund	\$ 153,700	\$ 192,100
Ontario Community Infrastructure Fund	117,707	-
Hydro One	26,895	26,336
Recreation and cultural	35,428	32,428
Transit – Provincial Gas Tax	333,477	363,846
Miscellaneous	<u>69,582</u>	<u>71,739</u>
	<u>736,789</u>	<u>686,449</u>
Federal grants		
Transit	75,000	75,000
Cemeteries	21,189	21,483
Infrastructure	(1,867)	74,654
Gas tax	337,089	389,549
Recreation and cultural	8,202	2,753
Miscellaneous	<u>-</u>	<u>581</u>
	<u>439,613</u>	<u>564,020</u>
Municipal grants		
Regional Municipality of Niagara		
Provincial Offences Act	23,731	40,220
Capital grants	146,862	148,110
Community Improvement Plan	30,490	69,736
Miscellaneous	<u>9,716</u>	<u>34,092</u>
	<u>210,799</u>	<u>292,158</u>
	<u>\$ 1,387,201</u>	<u>\$ 1,542,627</u>
Expenses		
Charitable and non-profit organizations	<u>\$ 35,197</u>	<u>\$ 38,751</u>

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

23. Measurement uncertainty

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. All assessed property values in the Municipality were reviewed and new values established based on a common valuation date that was used by the Municipality in computing the property tax bills. However, the property tax revenue and tax receivables of the Municipality are subject to measurement uncertainty as a number of appeals submitted by taxpayers have yet to be heard. Any adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the Region of Niagara and school boards, as appropriate.

24. Comparative figures

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

25. Budget

The budget by-law adopted by Council on February 3, 2015 was not prepared on a basis consistent with that used to report actual results in accordance with Canadian Public Sector Accounting Standards (PSAS). The budget was prepared on a modified accrual basis while PSAS require a full accrual basis. As a result, the budget figures presented in the Consolidated Statements of Operations and Changes in Net Financial Assets represent the budget approved by Council with the following adjustments:

Approved budgeted annual surplus – City	\$	-
Approved budgeted annual surplus – Library		-
Add: Principal repayments of long term debt		156,000
Reserve and reserve fund interest revenue		551,928
Reserve and reserve fund other revenue		17,000
Acquisition of tangible capital assets		8,352,393
Less: Amortization of tangible capital assets		(3,975,536)
Transfers from reserves and reserve funds - net		(2,005,596)
Debenture proceeds		<u>(333,518)</u>
Budgeted surplus reported on the Consolidated Statement of Operations	\$	<u>2,762,671</u>

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

26. Segmented information

The Municipality provides a wide range of services to its citizens. Municipal 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 Municipal council, administrative and clerks departments.

Protection to persons and property

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

Transportation services

The transportation services 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 municipal buildings.

Environmental services

The environmental services department 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 services 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 Municipality and construction and maintenance of municipal drains.

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

26. 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.

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, 2015

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Infrastructure (Note 9)	Construction in Progress	2015
Cost								
Beginning of year	\$ 2,232,141	\$ 9,709,969	\$ 18,662,195	\$ 4,390,104	\$ 4,838,784	\$ 112,894,937	\$ 366,492	\$ 153,094,622
Add additions	-	22,898	1,393,879	269,827	51,986	1,223,904	2,669,040	5,631,534
Less disposals during the year	-	-	(64,695)	(518,796)	(52,819)	(1,854,132)	(1,767,046)	(4,257,488)
End of year	<u>2,232,141</u>	<u>9,732,867</u>	<u>19,991,379</u>	<u>4,141,135</u>	<u>4,837,951</u>	<u>112,264,709</u>	<u>1,268,486</u>	<u>154,468,668</u>
Accumulated amortization								
Beginning of year	-	5,486,240	6,868,543	2,704,923	2,848,686	37,711,135	-	55,619,527
Add amortization during the year	-	487,733	532,411	372,651	283,897	2,298,844	-	3,975,536
Less amortization on disposals	-	-	(63,795)	(518,796)	(52,819)	(1,854,132)	-	(2,489,542)
End of year	-	<u>5,973,973</u>	<u>7,337,159</u>	<u>2,558,778</u>	<u>3,079,764</u>	<u>38,155,847</u>	-	<u>57,105,521</u>
Net book value	<u>\$ 2,232,141</u>	<u>\$ 3,758,894</u>	<u>\$ 12,654,220</u>	<u>\$ 1,582,357</u>	<u>\$ 1,758,187</u>	<u>\$ 74,108,862</u>	<u>\$ 1,268,486</u>	<u>\$ 97,363,147</u>

Corporation of the City of Thorold

Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2014

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Infrastructure (Note 9)</u>	<u>Construction in Progress</u>	<u>2014</u>
Cost								
Beginning of year	\$ 2,234,376	\$ 9,536,242	\$ 16,034,757	\$ 4,265,763	\$ 4,848,347	\$ 108,741,289	\$ 7,302,321	\$ 152,963,095
Add additions	-	195,713	2,939,337	365,427	76,832	5,366,478	1,293,880	10,237,667
Less disposals during the year	<u>(2,235)</u>	<u>(21,986)</u>	<u>(311,899)</u>	<u>(241,086)</u>	<u>(86,395)</u>	<u>(1,212,830)</u>	<u>(8,229,709)</u>	<u>(10,106,140)</u>
End of year	<u>2,232,141</u>	<u>9,709,969</u>	<u>18,662,195</u>	<u>4,390,104</u>	<u>4,838,784</u>	<u>112,894,937</u>	<u>366,492</u>	<u>153,094,622</u>
Accumulated amortization								
Beginning of year	-	5,002,284	6,647,818	2,540,789	2,645,890	36,607,584	-	53,444,365
Add amortization during the year	-	505,942	481,201	405,220	289,191	2,242,921	-	3,924,475
Less amortization on disposals	<u>-</u>	<u>(21,986)</u>	<u>(260,476)</u>	<u>(241,086)</u>	<u>(86,395)</u>	<u>(1,139,370)</u>	<u>-</u>	<u>(1,749,313)</u>
End of year	<u>-</u>	<u>5,486,240</u>	<u>6,868,543</u>	<u>2,704,923</u>	<u>2,848,686</u>	<u>37,711,135</u>	<u>-</u>	<u>55,619,527</u>
Net book value	<u>\$ 2,232,141</u>	<u>\$ 4,223,729</u>	<u>\$ 11,793,652</u>	<u>\$ 1,685,181</u>	<u>\$ 1,990,098</u>	<u>\$ 75,183,802</u>	<u>\$ 366,492</u>	<u>\$ 97,475,095</u>

Corporation of the City of Thorold

Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2015

	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Recreation and culture services	Planning and development	2015
Revenues									
Taxation	\$ 2,214,994	\$ 3,293,100	\$ 2,899,886	\$ 1,359,427	\$ 792,624	\$ 222,489	\$ 1,818,725	\$ 484,295	\$ 13,085,540
User charges	70,135	389,760	43,910	6,916,632	102,162		1,371,477	127,304	9,021,381
Grants	26,895	199,210	864,476	144,995	23,312	40,237	52,927	35,150	1,387,201
Other	1,848,612	61,059	17,798	85,004	52,433	1,611	295,916	914	2,363,347
Gain on disposal of tangible capital assets	11,689	-	-	-	-	-	-	-	11,689
	4,172,325	3,943,129	3,826,070	8,506,058	970,531	264,337	3,539,045	647,663	25,869,158
Expenses									
Salaries and benefits	917,725	3,573,320	1,755,873	904,404	565,895	38,783	1,677,406	439,521	9,872,927
Operating materials and supplies	287,904	401,271	1,027,611	159,597	138,918	59,633	831,708	90,695	2,997,337
Contracted services	19,950	251,255	834,739	5,498,174	(1,039)	1,681	91,308	141,044	6,837,112
Rent and financial expenses	19,968	8,259	14,435	7,592	2,155	35,569	36,740	2,973	127,691
External transfers to others	-	-	-	77,082	298,000	-	35,166	78,599	488,847
Amortization	138,743	288,844	1,804,740	810,795	87,565	150,933	674,265	19,651	3,975,536
Debt service	77,083	-	-	-	-	-	-	-	77,083
	1,461,373	4,522,949	5,437,398	7,457,644	1,091,494	286,599	3,346,593	772,483	24,376,533
Annual surplus (deficit)	\$ 2,710,952	\$ (579,820)	\$ (1,611,328)	\$ 1,048,414	\$ (120,963)	\$ (22,262)	\$ 192,452	\$ (124,820)	\$ 1,492,625

Corporation of the City of Thorold

Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2014

	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Recreation and culture services	Planning and development	2014
Revenues									
Taxation	\$ 2,569,298	\$ 3,515,473	\$ 2,727,003	\$ 1,327,321	\$ 924,194	\$ 253,448	\$ 1,811,279	\$ 519,125	\$ 13,647,141
User charges	111,709	378,343	58,526	6,948,114	117,125	-	490,213	147,931	8,251,961
Grants	220,471	52,895	805,789	244,909	25,087	34,868	54,780	103,828	1,542,627
Other	1,337,523	50,910	11,516	-	39,790	1,000	232,057	150	1,672,946
Gain (loss) on disposal of tangible capital assets	112,951	-	-	-	-	(2,235)	-	-	110,716
	4,351,952	3,997,621	3,602,834	8,520,344	1,106,196	287,081	2,588,329	771,034	25,225,391
Expenses									
Salaries and benefits	898,312	3,401,708	1,716,200	897,303	515,783	35,242	1,689,280	459,635	9,613,463
Operating materials and supplies	258,699	379,984	970,468	213,405	170,517	44,282	781,491	89,557	2,908,403
Contracted services	71,693	255,765	739,096	6,059,812	(11,632)	175	96,812	174,796	7,386,517
Rent and financial expenses	40,631	48,709	66,576	84,706	9,131	36,641	65,918	13,997	366,309
External transfers to others	-	-	-	218,545	298,000	-	38,751	111,828	667,124
Amortization	184,291	297,429	1,772,613	769,780	98,072	76,278	720,377	5,635	3,924,475
Debt service	81,998	-	-	-	-	-	-	-	81,998
	1,535,624	4,383,595	5,264,953	8,243,551	1,079,871	192,618	3,392,629	855,448	24,948,289
Annual surplus (deficit)	\$ 2,816,328	\$ (385,974)	\$ (1,662,119)	\$ 276,793	\$ 26,325	\$ 94,463	\$ (804,300)	\$ (84,414)	\$ 277,102

Corporation of the City of Thorold

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2015

	Budget 2015	Actual 2015	Actual 2014
General government			
Revenue			
Taxation	\$ 2,377,036	\$ 2,214,994	\$ 2,569,298
User charges	367,558	70,135	111,709
Grants	40,000	26,895	220,471
Other	1,446,973	1,848,612	1,337,523
Gain on disposal of tangible capital assets	-	11,689	112,951
	<u>4,231,567</u>	<u>4,172,325</u>	<u>4,351,952</u>
Expenses			
Salaries and benefits	896,921	917,725	898,312
Operating materials and supplies	378,813	287,904	258,699
Contracted services	(11,509)	19,950	71,693
Rent and financial expenses	130,673	19,968	40,631
Amortization	138,743	138,743	184,291
Debt service	89,200	77,083	81,998
	<u>1,622,841</u>	<u>1,461,373</u>	<u>1,535,624</u>
Annual surplus	<u>\$ 2,608,726</u>	<u>\$ 2,710,952</u>	<u>\$ 2,816,328</u>
Protection to persons and property			
Revenue			
Taxation	\$ 3,534,010	\$ 3,293,100	\$ 3,515,473
User charges	447,500	389,760	378,343
Grants	229,700	199,210	52,895
Other	226,500	61,059	50,910
	<u>4,437,710</u>	<u>3,943,129</u>	<u>3,997,621</u>
Expenses			
Salaries and benefits	3,473,610	3,573,320	3,401,708
Operating materials and supplies	483,447	401,271	379,984
Contracted services	180,431	251,255	255,765
Rent and financial expenses	7,304	8,259	48,709
Amortization	288,844	288,844	297,429
	<u>4,433,636</u>	<u>4,522,949</u>	<u>4,383,595</u>
Annual (deficit) surplus	<u>\$ 4,074</u>	<u>\$ (579,820)</u>	<u>\$ (385,974)</u>

Corporation of the City of Thorold

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2015

	Budget <u>2015</u>	Actual <u>2015</u>	Actual <u>2014</u>
Transportation services			
Revenue			
Taxation	\$ 3,112,032	\$ 2,899,886	\$ 2,727,003
User charges	182,469	43,910	58,526
Grants	1,287,548	864,476	805,789
Other	<u>14,320</u>	<u>17,798</u>	<u>11,516</u>
	<u>4,596,369</u>	<u>3,826,070</u>	<u>3,602,834</u>
Expenses			
Salaries and benefits	1,824,749	1,755,873	1,716,200
Operating materials and supplies	1,124,886	1,027,610	970,468
Contracted services	638,014	834,739	739,096
Rent and financial expenses	14,277	14,435	66,576
Amortization	<u>1,804,740</u>	<u>1,804,740</u>	<u>1,772,613</u>
	<u>5,406,666</u>	<u>5,437,398</u>	<u>5,264,953</u>
Annual deficit	<u>\$ (810,297)</u>	<u>\$ (1,611,328)</u>	<u>\$ (1,662,119)</u>
Environmental services			
Revenue			
Taxation	\$ 1,368,895	\$ 1,359,427	\$ 1,327,321
User charges	7,156,646	6,916,632	6,948,114
Grants	116,878	144,995	244,909
Other	<u>-</u>	<u>85,004</u>	<u>-</u>
	<u>8,642,419</u>	<u>8,506,058</u>	<u>8,520,344</u>
Expenses			
Salaries and benefits	964,189	904,404	897,303
Operating materials and supplies	104,734	159,597	213,405
Contracted services	5,255,717	5,498,174	6,059,812
Rent and financial expenses	7,592	7,592	84,706
External transfers to others	468,190	77,082	218,545
Amortization	<u>810,795</u>	<u>810,795</u>	<u>769,780</u>
	<u>7,611,217</u>	<u>7,457,644</u>	<u>8,243,551</u>
Annual surplus	<u>\$ 1,031,202</u>	<u>\$ 1,048,414</u>	<u>\$ 276,793</u>

Corporation of the City of Thorold

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2015

	Budget <u>2015</u>	Actual <u>2015</u>	Actual <u>2014</u>
Health services			
Revenue			
Taxation	\$ 828,809	\$ 792,624	\$ 924,194
User charges	102,292	102,162	117,125
Grants	22,440	23,312	25,087
Other	<u>25,280</u>	<u>52,433</u>	<u>39,790</u>
	<u>978,821</u>	<u>970,531</u>	<u>1,106,196</u>
Expenses			
Salaries and benefits	565,205	565,895	515,783
Operating materials and supplies	236,722	138,918	170,517
Contracted services	(23,378)	(1,039)	(11,632)
Rent and financial expenses	2,359	2,155	9,131
External transfers to others	298,000	298,000	298,000
Amortization	<u>87,565</u>	<u>87,565</u>	<u>98,072</u>
	<u>1,166,473</u>	<u>1,091,494</u>	<u>1,079,871</u>
Annual (deficit) surplus	<u>\$ (187,652)</u>	<u>\$ (120,963)</u>	<u>\$ 26,325</u>
<hr/>			
Social and family services			
Revenue			
Taxation	\$ 238,765	\$ 222,489	\$ 253,448
Grants	41,250	40,237	34,868
Other	2,500	1,611	1,000
Loss on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>(2,235)</u>
	<u>282,515</u>	<u>264,337</u>	<u>287,081</u>
Expenses			
Salaries and benefits	44,740	38,783	35,242
Operating materials and supplies	60,580	59,633	44,282
Contracted services	726	1,681	175
Rent and financial expenses	19,592	35,569	36,641
Amortization	<u>150,933</u>	<u>150,933</u>	<u>76,278</u>
	<u>276,571</u>	<u>286,599</u>	<u>192,618</u>
Annual (deficit) surplus	<u>\$ 5,944</u>	<u>\$ (22,262)</u>	<u>\$ 94,463</u>

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

For the Year Ended December 31, 2015

	Budget <u>2015</u>	Actual <u>2015</u>	Actual <u>2014</u>
Recreation and culture services			
Revenue			
Taxation	\$ 1,951,777	\$ 1,818,725	\$ 1,811,279
User charges	1,403,018	1,371,477	490,213
Grants	34,900	52,927	54,780
Other	<u>205,290</u>	<u>295,916</u>	<u>232,057</u>
	<u>3,594,985</u>	<u>3,539,045</u>	<u>2,588,329</u>
Expenses			
Salaries and benefits	1,653,288	1,677,406	1,689,280
Operating materials and supplies	900,789	831,708	781,491
Contracted services	22,821	91,308	96,812
Rent and financial expenses	30,166	36,740	65,918
External transfers to others	49,389	35,166	38,751
Amortization	674,265	674,265	720,377
Debt service	<u>22,099</u>	<u>-</u>	<u>-</u>
	<u>3,352,817</u>	<u>3,346,593</u>	<u>3,392,629</u>
Annual surplus (deficit)	<u>\$ 242,168</u>	<u>\$ 192,452</u>	<u>\$ (804,300)</u>

Planning and development

Revenue			
Taxation	\$ 519,725	\$ 484,295	\$ 519,125
User charges	130,190	127,304	147,931
Grants	25,000	35,150	103,828
Other	<u>4,732</u>	<u>914</u>	<u>150</u>
	<u>679,647</u>	<u>647,663</u>	<u>771,034</u>
Expenses			
Salaries and benefits	436,578	439,521	459,635
Operating materials and supplies	125,169	90,695	89,557
Contracted services	109,257	141,044	174,796
Rent and financial expenses	3,986	2,973	13,997
External transfers to others	116,500	78,599	111,828
Amortization	<u>19,651</u>	<u>19,651</u>	<u>5,635</u>
	<u>811,141</u>	<u>772,483</u>	<u>855,448</u>
Annual deficit	<u>\$ (131,494)</u>	<u>\$ (124,820)</u>	<u>\$ (84,414)</u>

Independent auditor's report

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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, 2015, 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, 2015, 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.

Grant Thornton LLP

Port Colborne, Canada
June 21, 2016

Chartered Professional Accountants
Licensed Public Accountants

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

As at December 31, 2015

	<u>Cemetery Care and Maintenance</u>	<u>Mausoleum Care and Maintenance</u>	<u>Monument and Marker Care</u>	<u>Total 2015</u>	<u>Total 2014</u>
Financial assets					
Cash and cash equivalents	\$ 104,320	\$ 294,149	\$ 90,801	\$ 489,270	\$ 466,269
Accounts receivable	-	3,701	-	3,701	6,448
Portfolio investments (Note 2)	<u>324,983</u>	<u>424,983</u>	<u>-</u>	<u>749,966</u>	<u>749,966</u>
Net financial assets and accumulated surplus	<u>\$ 429,303</u>	<u>\$ 722,833</u>	<u>\$ 90,801</u>	<u>\$ 1,242,937</u>	<u>\$ 1,222,683</u>

See accompanying notes to the consolidated financial statements

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

For the Year Ended December 31, 2015

	<u>Cemetery Care and Maintenance</u>	<u>Mausoleum Care and Maintenance</u>	<u>Monument and Marker Care</u>	<u>Total 2015</u>	<u>Total 2014</u>
Revenue					
Marker fees	\$ -	\$ -	\$ 2,900	\$ 2,900	\$ 2,900
Sales of crypts/niches	-	6,705	-	6,705	13,017
Sale of plots	10,649	-	-	10,649	5,532
Interest	<u>12,044</u>	<u>17,347</u>	<u>958</u>	<u>30,349</u>	<u>31,047</u>
	22,693	24,052	3,858	50,603	52,496
Expenses					
Interest earned distributed to the City of Thorold	<u>12,044</u>	<u>17,347</u>	<u>958</u>	<u>30,349</u>	<u>31,047</u>
Annual surplus	10,649	6,705	2,900	20,254	21,449
Accumulated surplus					
Beginning of year	<u>418,654</u>	<u>716,128</u>	<u>87,901</u>	<u>1,222,683</u>	<u>1,201,234</u>
End of year	<u>\$ 429,303</u>	<u>\$ 722,833</u>	<u>\$ 90,801</u>	<u>\$ 1,242,937</u>	<u>\$ 1,222,683</u>

See accompanying notes to the consolidated financial statements

Corporation of the City of Thorold

Trust Funds

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2015

1. Accounting policies

The consolidated financial statements of the Corporation 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) Cash and cash equivalents

Cash and cash equivalents are represented by cash on hand, cash on deposit in chartered banks and investments that mature within three months.

(c) Portfolio investments

Portfolio investments are valued at the lower of cost and market value. Interest income is reported as revenue in the period earned.

2. Portfolio investments

Portfolio investments consist of Canadian provincial bonds and bank guaranteed investment certificates with interest rates of 3.20% to 3.61% maturing between February, 2016 and June, 2018. Portfolio investments of \$ 749,966 (2014 - \$ 749,966) have an estimated market value of \$ 769,230 (2014 - \$ 770,185).

Financial Report

Thorold Public Library Board

December 31, 2015

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Independent auditor's report

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

We have audited the statement of financial position of the **Thorold Public Library Board** as at December 31, 2015 and the statements of operations, changes in net debt 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 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 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 qualified audit opinion.

Basis for qualified opinion

The Thorold Public Library Board derives revenue from donations and cash sales, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Thorold Public Library Board and we were not able to determine whether any adjustments might be necessary to donations and other revenue, assets, net assets and accumulated surplus.

Qualified opinion

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of the Thorold Public Library Board as at December 31, 2015, and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Port Colborne, Canada
May 16, 2016

Chartered Professional Accountants
Licensed Public Accountants

Thorold Public Library Board

Statement of Financial Position

As at December 31	2015	2014
Financial assets		
Cash and cash equivalents	\$ 165,819	\$ 144,627
Receivables	6,918	7,355
Due from City of Thorold	<u>7,849</u>	<u>10,977</u>
	<u>180,586</u>	<u>162,959</u>
Liabilities		
Payables and accruals	19,690	22,148
Loan payable to City of Thorold (Note 4)	70,000	80,000
Future employment benefits (Note 5)	143,001	139,535
Deferred revenue	<u>2,500</u>	<u>-</u>
	<u>235,191</u>	<u>241,683</u>
Net debt	<u>(54,605)</u>	<u>(78,724)</u>
Non-financial assets		
Tangible capital assets (Page 14)	428,218	435,206
Prepays	<u>2,968</u>	<u>2,851</u>
	<u>431,186</u>	<u>438,057</u>
Accumulated surplus (Note 6)	<u>\$ 376,581</u>	<u>\$ 359,333</u>

On behalf of the Board

See accompanying notes and schedule to the financial statements.

Thorold Public Library Board

Statement of Operations

For the Year Ended December 31, 2015

	Budget 2015 (Note 3)	Actual 2015	Actual 2014
Revenue			
Municipal contribution	\$ 552,000	\$ 554,022	\$ 552,000
Government transfers (Note 8)	34,900	37,630	35,181
Other (Note 9)	<u>15,600</u>	<u>17,615</u>	<u>19,024</u>
	<u>602,500</u>	<u>609,267</u>	<u>606,205</u>
Expenses			
Administration	16,200	16,905	12,758
Amortization	74,461	74,461	75,360
Electronic services, periodicals and newspapers	5,500	5,519	9,077
Insurance	5,000	4,510	4,327
Programs	2,000	2,136	2,199
Repairs and maintenance	26,900	32,958	25,223
Salaries, wages and benefits (Note 10)	451,000	441,321	440,720
Service contracts	24,000	20,701	20,420
Supplies	4,800	4,619	4,273
Utilities	<u>24,000</u>	<u>22,273</u>	<u>20,883</u>
	<u>633,861</u>	<u>625,403</u>	<u>615,240</u>
	<u>(31,361)</u>	<u>(16,136)</u>	<u>(9,035)</u>
Other			
Revenue related to capital			
Municipal contribution	5,000	5,000	5,000
Development charges	<u>28,400</u>	<u>28,384</u>	<u>-</u>
	<u>33,400</u>	<u>33,384</u>	<u>5,000</u>
Annual surplus (deficit)	2,039	17,248	(4,035)
Accumulated surplus (Note 6)			
Beginning of year	<u>359,333</u>	<u>359,333</u>	<u>363,368</u>
End of year	<u>\$ 361,372</u>	<u>\$ 376,581</u>	<u>\$ 359,333</u>

See accompanying notes and schedule to the financial statements.

Thorold Public Library Board Statement of Changes in Net Debt

For the Year Ended December 31, 2015

	Budget <u>2015</u>	Actual <u>2015</u>	Actual <u>2014</u>
Annual surplus (deficit)	\$ 2,039	\$ 17,248	\$ (4,035)
Amortization of tangible capital assets	74,461	74,461	75,360
Acquisition of tangible capital assets	(58,500)	(67,473)	(67,868)
Acquisition of prepaids	<u>-</u>	<u>(117)</u>	<u>(464)</u>
	<u>15,961</u>	<u>6,871</u>	<u>7,028</u>
Increase in net financial assets	18,000	24,119	2,993
Net debt			
Beginning of year	<u>(78,724)</u>	<u>(78,724)</u>	<u>(81,717)</u>
End of year	<u>\$ (60,724)</u>	<u>\$ (54,605)</u>	<u>\$ (78,724)</u>

See accompanying notes and schedule to the financial statements.

Thorold Public Library Board

Statement of Cash Flows

For the Year Ended December 31

2015

2014

Increase (decrease) in cash and cash equivalents

Operating		
Annual surplus (deficit)	\$ 17,248	\$ (4,035)
Non-cash items		
Amortization	74,461	75,360
Decrease (increase) in receivables	437	(1,118)
Decrease (increase) in due from City of Thorold	3,128	(4,369)
(Decrease) increase in payables and accruals	(2,458)	6,956
Increase in deferred revenue	2,500	-
Increase in future employment benefits	3,466	7,850
Increase in prepaids	<u>(117)</u>	<u>(464)</u>
	<u>98,665</u>	<u>80,180</u>
Financing		
Loan repayment to City of Thorold	<u>(10,000)</u>	<u>(10,000)</u>
Investing		
Acquisition of tangible capital assets	<u>(67,473)</u>	<u>(67,868)</u>
Net increase in cash and cash equivalents	21,192	2,312
Cash and cash equivalents		
Beginning of year	<u>144,627</u>	<u>142,315</u>
End of year	<u>\$ 165,819</u>	<u>\$ 144,627</u>
Cash and cash equivalents consist of		
Cash on hand	\$ 200	\$ 200
Cash held in banks	39,238	14,324
Guaranteed investment certificates	<u>126,381</u>	<u>130,103</u>
	<u>\$ 165,819</u>	<u>\$ 144,627</u>

See accompanying notes and schedule to the financial statements.

Thorold Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2015

1. Purpose of the Library Board

The Thorold Public Library Board ("Library") provides library services to the City of Thorold and residents of other municipalities who have contracted with the Library for services.

2. Significant accounting policies

Management responsibility

The financial statements are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of 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 significant accounting policies used are as follows:

(a) Basis of accounting

Sources of revenue and expenses are report 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.

(b) Reporting entity

The financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the Library.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and investments that mature within three months.

(d) Portfolio investments

Portfolio investments are valued at the lower of cost and market value. Interest income is reported as revenue in the period earned.

(e) Tangible capital assets

(i) Determination of costs

Tangible capital assets are recorded to reflect the cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed or donated tangible capital assets are recorded at their fair value at the date of receipt.

Thorold Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2015

2. Significant accounting policies (continued)

(e) Tangible capital assets (continued)

(ii) Amortization

Amortization is recorded to reflect the cost, net of anticipated salvage value, associated with the use of the asset in providing Library services over the estimated useful life of the asset. Amortization expense is calculated on a straight-line basis over the assets' estimated useful lives as follows:

Books	7 years
DVDs	3 years
Office equipment	5 years
Furniture and equipment	10 years
Computer equipment	4 years
Building improvements	20 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.

(f) Leases

Leases are classified as capital or operating 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 lease payments are charged to expenses as incurred.

(g) Revenue recognition

Government transfers, which include municipal contributions and provincial and federal grants, are recognized in the year in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria or stipulations have been met and reasonable estimates of the amounts can be made.

User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

(h) Reserves for future expenses

Certain amounts, as approved by the Library, are set aside in reserves for future operating and capital expenses.

Thorold Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2015

2. Significant accounting policies (continued)

(i) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Library may undertake in the future. Significant accounting estimates include allowance for doubtful accounts. Actual results could differ from those estimates.

3. Budget

The budget approved by the Library includes expenditures for tangible capital assets, but does not include amortization of tangible capital assets. The following is a reconciliation of the approved budget to that reported on the Statement of Operations.

	<u>2015</u>
Approved budgeted annual surplus	\$ -
Add: transfers to reserves – net	8,000
Add: debt reduction	10,000
Add: tangible capital asset expenditures	58,500
Less: amortization of tangible capital assets	<u>(74,461)</u>
Budgeted annual surplus reported on the Statement of Operations	<u>\$ 2,039</u>

4. Loan payable to City of Thorold

The City of Thorold provided the Library with an interest-free loan of \$ 100,000 to be repaid over ten years, due in 2022. The amount repaid in 2015 was \$ 10,000 (2014 - \$ 10,000).

Thorold Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2015

5. Future employment benefits	<u>2015</u>	<u>2014</u>
Accrued vacation pay	\$ 16,901	\$ 15,635
Accumulated sick leave	101,500	93,900
Post-employment benefits	<u>24,600</u>	<u>30,000</u>
	<u>\$ 143,001</u>	<u>\$ 139,535</u>

(a) Accrued vacation pay

As at December 31, 2015, employees of the Library have accumulated vacation pay credits in the amount of \$ 16,901 (2014 - \$ 15,635). Any unused credits up to five days may be carried forward to future years.

(b) Accumulated sick leave and post-employment benefits

Under the Library sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Library's employment.

Employees eligible to retire under the OMERS early retirement provisions are eligible to receive medical and dental benefits to the age of sixty-five, and life insurance benefits to the date of the employee's death. The Library pays the total premiums for such benefits.

The accrued benefit liability for accumulated sick leave and other post-employment benefits was determined by actuarial valuation using a discount rate of 4%. A reserve has been established for the accumulated sick leave liability. The balance as at December 31, 2015 is \$ 49,504 (2014 - \$ 46,032).

Defined benefit plan information:	<u>2015</u>	<u>2014</u>
Accrued benefit obligation:		
Beginning of year	\$ 125,700	\$ 136,800
Benefit expense	4,700	5,800
Past service cost due to plan amendment	-	900
Interest accrued	4,100	6,900
Actuarial adjustment	-	(15,900)
Benefits paid	<u>(9,400)</u>	<u>(8,800)</u>
End of year	<u>\$ 125,100</u>	<u>\$ 125,700</u>
Funded status:		
Employment benefit plan liabilities	\$ 125,100	\$ 125,700
Unamortized net actuarial loss	<u>1,000</u>	<u>(1,800)</u>
Employee benefit plan liability	<u>\$ 126,100</u>	<u>\$ 123,900</u>

Thorold Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2015

5. Future employment benefits (continued)

The accrued benefit obligation consists of the following:

	<u>2015</u>	<u>2014</u>
Accumulated sick leave	\$ 101,500	\$ 93,900
Other post-employment	<u>24,600</u>	<u>30,000</u>
	<u>\$ 126,100</u>	<u>\$ 123,900</u>

The most recent actuarial valuation was performed as at December 31, 2014. 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% in 2015 and thereafter.

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

Health care costs – Health costs were assumed to be 5.5% in 2015 grading down at 0.5% per year to a rate of 4% in 2018 and future years.

Dental costs – Dental costs were assumed to be 4% per year.

6. Accumulated surplus

	<u>2015</u>	<u>2014</u>
Operating surplus	\$ 47,309	\$ 33,766
Unfunded liabilities	(213,001)	(219,535)
Reserves (Note 7)	114,055	109,896
Investment in tangible capital assets	<u>428,218</u>	<u>435,206</u>
	<u>\$ 376,581</u>	<u>\$ 359,333</u>

Thorold Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2015

7. Reserves	<u>2015</u>	<u>2014</u>
Reserves set aside for specific purposes		
Sick pay reserve	\$ 49,504	\$ 46,032
Pay equity reserve	<u>37,736</u>	<u>37,342</u>
	87,240	83,374
Reserve funds set aside for specific purposes		
Expansion fund	<u>26,815</u>	<u>26,522</u>
	<u>\$ 114,055</u>	<u>\$ 109,896</u>
Balance, beginning of year	\$ 109,896	\$ 105,546
Interest income	1,159	1,350
Funds contributed from operations	<u>3,000</u>	<u>3,000</u>
Balance, end of year	<u>\$ 114,055</u>	<u>\$ 109,896</u>

8. Government transfers	<u>Budget 2015</u>	<u>Actual 2015</u>	<u>Actual 2014</u>
Operating			
Province of Ontario			
Unconditional grant	\$ 29,700	\$ 29,684	\$ 29,684
Pay equity grant	2,700	2,744	2,744
SOLS – Capacity Building Grant	-	3,000	-
Government of Canada			
HRDC summer student grant	<u>2,500</u>	<u>2,202</u>	<u>2,753</u>
	<u>\$ 34,900</u>	<u>\$ 37,630</u>	<u>\$ 35,181</u>

9. Other revenue	<u>Budget 2015</u>	<u>Actual 2015</u>	<u>Actual 2014</u>
Operating			
Fines and fees	\$ 8,900	\$ 9,824	\$ 10,644
Interest	500	108	165
Interest - reserves	-	1,159	1,350
Miscellaneous	<u>6,200</u>	<u>6,524</u>	<u>6,865</u>
	<u>\$ 15,600</u>	<u>\$ 17,615</u>	<u>\$ 19,024</u>

Thorold Public Library Board Notes to the Financial Statements

For the Year Ended December 31, 2015

10. Salaries, wages and benefits	Budget <u>2015</u>	Actual <u>2015</u>	Actual <u>2014</u>
Salaries and wages	\$ 358,000	\$ 348,960	\$ 350,116
Benefits	<u>93,000</u>	<u>92,361</u>	<u>90,604</u>
	<u>\$ 451,000</u>	<u>\$ 441,321</u>	<u>\$ 440,720</u>

11. Pension agreements

The Library makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Since OMERS is a multi-employer pension plan, the Library does not recognize any share of the pension plan deficit of \$ 5.3 billion (2014 - \$ 5.3 billion) based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2015 calendar year at rates ranging from 9.0% to 15.8% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Statement of Operations. Employer contributions to OMERS for 2015 current and past service was \$ 30,880 (2014 - \$ 28,459) and were matched by employee contributions in a similar amount.

Thorold Public Library Board

Schedule of Tangible Capital Assets

For the Year Ended December 31, 2015

	<u>Books</u>	<u>DVDs</u>	<u>Office Equipment</u>	<u>Furniture and Equipment</u>	<u>Computer</u>	<u>Building Improvements</u>	<u>2015</u>	<u>2014</u>
Cost								
Beginning of year	\$ 382,814	\$ 11,481	\$ 17,596	\$ 14,758	\$ 6,903	\$ 253,949	\$ 687,501	\$ 684,467
Add additions during the year	55,750	3,491	-	-	6,948	1,284	67,473	67,868
Less disposals during the year	<u>(55,350)</u>	<u>(4,003)</u>	<u>(9,772)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,125)</u>	<u>(64,834)</u>
End of year	<u>383,214</u>	<u>10,969</u>	<u>7,824</u>	<u>14,758</u>	<u>13,851</u>	<u>255,233</u>	<u>685,849</u>	<u>687,501</u>
Accumulated amortization								
Beginning of year	165,853	3,989	17,596	7,368	493	56,996	252,295	241,769
Add amortization during the year	54,688	3,827	-	1,475	1,725	12,746	74,461	75,360
Less amortization on disposals	<u>(55,350)</u>	<u>(4,003)</u>	<u>(9,772)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,125)</u>	<u>(64,834)</u>
End of year	<u>165,191</u>	<u>3,813</u>	<u>7,824</u>	<u>8,843</u>	<u>2,218</u>	<u>69,742</u>	<u>257,631</u>	<u>252,295</u>
Net book value	<u>\$ 218,023</u>	<u>\$ 7,156</u>	<u>\$ -</u>	<u>\$ 5,915</u>	<u>\$ 11,633</u>	<u>\$ 185,491</u>	<u>\$ 428,218</u>	<u>\$ 435,206</u>

Financial Report

Thorold Business Improvement Area

2015

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Independent auditor's report

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

We have audited the accompanying financial statements of the **Thorold Business Improvement Area**, which comprise the statement of financial position as at December 31, 2015, and the statements of operations and changes in net financial assets 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 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 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 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 financial statements present fairly, in all material respects, the financial position of the Thorold Business Improvement Area as at December 31, 2015, and the results of its operations and changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

Port Colborne, Canada
May 11, 2016



Chartered Professional Accountants
Licensed Public Accountants

Thorold Business Improvement Area Statement of Financial Position

As at December 31	2015	2014
Assets		
Due from City of Thorold	<u>\$ 24,000</u>	<u>\$ 878</u>
Net financial assets	24,000	878
Non-financial assets		
Tangible capital assets (Note 3)	<u>3,871</u>	<u>9,212</u>
Accumulated surplus (Note 4)	<u>\$ 27,871</u>	<u>\$ 10,090</u>

On behalf of the Board

See accompanying notes to the financial statements.

Thorold Business Improvement Area

Statement of Operations

For the Year Ended December 31, 2015

	Budget <u>2015</u> (Note 5)	<u>2015</u>	<u>2014</u>
Revenues			
Requisition from City of Thorold			
Tax levy	\$ 40,000	\$ 40,000	\$ 40,000
Other revenue	-	3,868	-
Supplementals and tax write-offs, net	<u>-</u>	<u>-</u>	<u>488</u>
	<u>40,000</u>	<u>43,868</u>	<u>40,488</u>
Expenses			
Administration	16,100	6,975	13,116
Advertising and promotion	4,500	5,655	11,422
Amortization	5,341	5,341	5,635
Maintenance	19,400	8,010	18,005
Supplementals and tax write-offs, net	<u>-</u>	<u>106</u>	<u>-</u>
	<u>45,341</u>	<u>26,087</u>	<u>48,178</u>
Annual surplus (deficit)	(5,341)	17,781	(7,690)
Accumulated surplus			
Beginning of year	<u>10,090</u>	<u>10,090</u>	<u>17,780</u>
End of year	<u>\$ 4,749</u>	<u>\$ 27,871</u>	<u>\$ 10,090</u>

See accompanying notes to the financial statements.

Thorold Business Improvement Area

Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2015

	Budget <u>2015</u> (Note 5)	<u>2015</u>	<u>2014</u>
Annual surplus (deficit)	\$ (5,341)	\$ 17,781	\$ (7,690)
Amortization of tangible capital assets	<u>5,341</u>	<u>5,341</u>	<u>5,635</u>
Increase (decrease) in net financial assets	-	23,122	(2,055)
Net financial assets			
Beginning of year	<u>878</u>	<u>878</u>	<u>2,933</u>
End of year	<u>\$ 878</u>	<u>\$ 24,000</u>	<u>\$ 878</u>

See accompanying notes to the financial statements.

Thorold Business Improvement Area

Notes to the Financial Statements

For the year ended December 31, 2015

1. Purpose of the Business Improvement Area

The Thorold Business Improvement Area ("BIA"), established in 1980 pursuant to the Ontario Municipal Act, operates to revitalize and promote the downtown area of Thorold, Ontario.

The BIA is financed by a special levy charged upon businesses in the improvement area.

2. Summary of significant accounting policies

Management responsibility

The financial statements are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of 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 significant accounting policies used are as follows:

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.

Reporting entity

The financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus balances of the BIA.

Tangible capital assets

(i) Determination of costs

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.

(ii) Amortization

Amortization is recorded to reflect the cost, net of anticipated salvage value, associated with the use of the asset in providing government services over the estimated useful life of the asset. Amortization expense is calculated on a straight-line basis over the assets' estimated useful lives. 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.

Decorations

5 years

Thorold Business Improvement Area

Notes to the Financial Statements

For the year ended December 31, 2015

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Tangible capital assets	<u>2015</u>	<u>2014</u>
Decorations		
Cost, beginning of year	\$ 28,176	\$ 28,176
Add additions during the year	-	-
Less disposals during the year	<u>-</u>	<u>-</u>
Cost, end of year	<u>28,176</u>	<u>28,176</u>
Accumulated amortization, beginning of year	18,964	13,329
Add amortization during the year	<u>5,341</u>	<u>5,635</u>
Accumulated amortization, end of year	<u>24,305</u>	<u>18,964</u>
Net book value	<u>\$ 3,871</u>	<u>\$ 9,212</u>

4. Accumulated surplus	<u>2015</u>	<u>2014</u>
Operating surplus	\$ 24,000	\$ 878
Investment in tangible capital assets	<u>3,871</u>	<u>9,212</u>
	<u>\$ 27,871</u>	<u>\$ 10,090</u>

Thorold Business Improvement Area Notes to the Financial Statements

For the year ended December 31, 2015

5. Budget

The budget approved by the BIA includes expenses for tangible capital assets, but does not include amortization of tangible capital assets. The following is a reconciliation of the approved budget to that reported on the statement of operations.

	<u>2015</u>
Approved budgeted annual surplus (deficit)	\$ -
Less: amortization of tangible capital assets	<u>(5,341)</u>
Budgeted annual deficit reported on the statement of operations	<u>\$ (5,341)</u>

6. Statement of cash flows

A statement of cash flows has not been presented as management believes it would not provide additional meaningful information. Information about operations, financing and investments are readily apparent from the financial statements.