



Grant Thornton

Financial Report

Corporation of the City of Thorold

2013

# Contents

	<b>Page</b>
<b>Corporation of the City of Thorold</b>	
Independent Auditor's Report	1-2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7-26
Consolidated Schedule of Tangible Capital Assets	27-28
Consolidated Schedule of Segment Disclosure	29-30
Consolidated Schedule of Segment Disclosure with Budget Information	31-34
<b>Corporation of the City of Thorold - Trust Funds</b>	
Independent Auditor's Report	35-36
Consolidated Statement of Financial Position	37
Consolidated Statement of Operations	38
Notes to the Consolidated Financial Statements	39



## Independent auditor's report

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

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

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

We have audited the accompanying consolidated financial statements of the Corporation of the City of Thorold, which comprise the consolidated statement of financial position as at December 31, 2013, 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, 2013, 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  
July 15, 2014

Chartered Accountants  
Licensed Public Accountants

# Corporation of the City of Thorold

## Consolidated Statement of Financial Position

As at December 31	2013	2012
<b>Financial assets</b>		
Cash and cash equivalents	\$ 12,733,535	\$ 14,473,431
Portfolio investments (Note 2)	11,616,742	10,370,869
Taxes receivable (Note 3)		
Current year	1,007,869	413,655
Prior years	1,872,818	1,855,238
User charges receivable	1,379,703	1,395,517
Other receivables	<u>1,982,108</u>	<u>955,257</u>
	<u>30,592,775</u>	<u>29,463,967</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	5,283,854	4,070,292
Deferred revenue – obligatory reserve funds (Note 4)	1,023,094	1,083,319
Deferred revenue – other	5,154	6,925
Post-employment benefits (Note 5)	2,195,100	2,254,326
Landfill liability (Note 6)	4,895,833	4,402,236
Long term debt (Note 7)	<u>1,991,212</u>	<u>2,109,310</u>
	<u>15,394,247</u>	<u>13,926,408</u>
<b>Net financial assets</b>	<b>15,198,528</b>	<b>15,537,559</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 8)	99,518,730	95,732,531
Inventory and prepaid expenses	<u>130,834</u>	<u>138,609</u>
<b>Accumulated surplus (Note 9)</b>	<b><u>\$ 114,848,092</u></b>	<b><u>\$ 111,408,699</u></b>

Commitments and contingencies (Notes 19 and 20)

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, 2013

	Budget 2013 (Note 25)	Actual 2013	Actual 2012
<b>Revenue</b>			
Taxation (Note 12)	\$ 12,946,529	\$ 13,575,878	\$ 12,095,792
User fees and charges (Note 14)	7,588,107	7,752,409	7,415,261
Grants (Note 15)	869,228	1,018,649	968,090
Other (Note 16)	<u>1,493,039</u>	<u>1,405,766</u>	<u>1,345,894</u>
	<u>22,896,903</u>	<u>23,752,702</u>	<u>21,825,037</u>
<b>Expenses</b>			
General government	1,038,297	1,388,998	1,286,023
Protection to persons and property	4,345,973	4,318,767	4,168,441
Transportation services	4,661,081	5,080,312	4,937,712
Environmental services	7,578,054	7,906,054	7,175,941
Health services	1,163,520	1,112,794	1,029,157
Social and family services	268,153	59,922	45,251
Recreation and culture services	3,325,999	3,492,305	3,203,062
Planning and development	<u>757,153</u>	<u>989,749</u>	<u>747,449</u>
	<u>23,138,230</u>	<u>24,348,901</u>	<u>22,593,036</u>
<b>Net expenses</b>	<u>(241,327)</u>	<u>(596,199)</u>	<u>(767,999)</u>
<b>Other</b>			
Revenue related to tangible capital assets			
User fees and charges (Note 14)	463,206	2,185,727	197,197
Grants (Note 15)	774,082	1,371,807	716,758
Other (Note 16)	240,700	312,011	288,481
Gain on disposal of tangible capital assets	<u>-</u>	<u>166,047</u>	<u>123,428</u>
	<u>1,477,988</u>	<u>4,035,592</u>	<u>1,325,864</u>
<b>Annual surplus</b>	1,236,661	3,439,393	557,865
<b>Accumulated surplus (Note 9)</b>			
Beginning of year`	<u>111,408,699</u>	<u>111,408,699</u>	<u>110,850,834</u>
End of year	<u>\$ 112,645,360</u>	<u>\$ 114,848,092</u>	<u>\$ 111,408,699</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, 2013

---

	Budget 2013 (Note 25)	Actual 2013	Actual 2012
Annual surplus	\$ 1,236,661	\$ 3,439,393	\$ 557,865
Amortization of tangible capital assets	3,791,344	3,791,344	3,589,820
Acquisition of tangible capital assets	(11,110,065)	(7,582,947)	(5,798,778)
Proceeds on disposal of tangible capital assets	-	171,451	167,004
Gain on disposal of tangible capital assets	-	(166,047)	(123,428)
	(6,082,060)	(346,806)	(1,607,517)
Use (acquisition) of inventory and prepaid expenses	-	7,775	(12,182)
Decrease in net financial assets	(6,082,060)	(339,031)	(1,619,699)
<b>Net financial assets</b>			
Beginning of year	15,537,559	15,537,559	17,157,258
End of year	\$ 9,455,499	\$ 15,198,528	\$ 15,537,559

---

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

2013

2012

### Increase (decrease) in cash and cash equivalents

<b>Operating activities</b>		
Annual surplus	\$ 3,439,393	\$ 557,865
Non-cash items		
Amortization of tangible capital assets	3,791,344	3,589,820
Gain on disposal of tangible capital assets	(166,047)	(123,428)
Changes in:		
Taxes receivable	(611,794)	250,528
User charges receivable	15,814	(190,899)
Other receivables	(1,026,851)	(98,867)
Accounts payable and accrued liabilities	1,213,562	(290,012)
Deferred revenue – obligatory reserve funds	(60,225)	689,302
Deferred revenue – other	(1,771)	-
Post-employment benefits	(59,226)	51,080
Landfill liability	493,597	(10,339)
Inventory and prepaid expenses	7,775	(12,182)
	<u>7,035,571</u>	<u>4,412,868</u>
<b>Capital activities</b>		
Proceeds on disposal of tangible capital assets	171,451	167,004
Acquisition of tangible capital assets, net of construction in process capitalized	<u>(7,582,947)</u>	<u>(5,798,778)</u>
	<u>(7,411,496)</u>	<u>(5,631,774)</u>
<b>Investing activities</b>		
Decrease (increase) in portfolio investments	<u>(1,245,873)</u>	<u>947,716</u>
<b>Financing activities</b>		
Repayment of long term debt	<u>(118,098)</u>	<u>(124,748)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,739,896)</b>	<b>(395,938)</b>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>14,473,431</u>	<u>14,869,369</u>
End of year	<u>\$ 12,733,535</u>	<u>\$ 14,473,431</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, 2013

---

### 1. Significant accounting policies

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

#### (a) Reporting entity

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

Thorold Public Library Board  
Thorold Business Improvement Area

Interdepartmental and organizational transactions and balances are eliminated.

- (ii) Trust funds 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.

#### (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.

---

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

---

### 1. Significant accounting policies (continued)

#### (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) Tangible capital assets

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

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

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

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

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

---

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

---

### 1. Significant accounting policies (continued)

#### (g) Tangible capital assets (continued)

Amortization is based on the following classifications and useful lives:

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

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

#### (h) 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.

#### (i) Inventory

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

#### (j) 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.

#### (k) 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.

---

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

---

**1. Significant accounting policies (continued)**

**(k) Revenue recognition (continued)**

**i) Taxation (continued)**

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.

**(l) 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.

**(m) 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 financial statements.

---

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

---

### 1. Significant accounting policies (continued)

#### (n) Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

---

2. Portfolio investments	<u>2013</u>	<u>2012</u>
Guaranteed investment certificates	\$ 1,475,621	\$ 1,198,246
Federal, provincial and municipal bonds	<u>10,141,121</u>	<u>9,172,623</u>
	<u>\$ 11,616,742</u>	<u>\$ 10,370,869</u>

Portfolio investments carry an effective interest rate ranging from 1.40% to 5.10% and maturity dates ranging from January, 2014 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 \$ 11,940,409 (2012 - \$ 10,884,126).

---

### 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 \$ 976,446 (2012 - \$ 544,667). The Province of Ontario instituted a mandatory capping program through the provisions of Bill 140 which limits assessment related increases in property tax bills.

---

## Corporation of the City of Thorold

### Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

---

#### 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>2013</u>	<u>2012</u>
Parkland	\$ 89,391	\$ 92,055
Building code	192,887	87,881
Tree planting	4,767	4,708
Gas tax	469,070	516,073
Development charges	<u>266,979</u>	<u>382,602</u>
	<u>\$ 1,023,094</u>	<u>\$ 1,083,319</u>

The deferred revenue – obligatory reserve funds reported on the consolidated statement of financial position, are made up of the following:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	<u>\$ 1,083,319</u>	<u>\$ 394,017</u>
Contributions from		
Development Charges Act	999,747	729,610
Interest earned	19,335	9,442
Gas tax grants received		
Federal	559,021	559,021
Provincial	227,275	246,450
Other revenue	<u>141,187</u>	<u>87,881</u>
Total revenue	<u>1,946,565</u>	<u>1,632,404</u>
Utilized for		
Operations	(326,491)	(301,286)
Tangible capital asset acquisitions	(1,673,299)	(634,816)
Library operations	<u>(7,000)</u>	<u>(7,000)</u>
	<u>(2,006,790)</u>	<u>(943,102)</u>
Balance, end of year	<u>\$ 1,023,094</u>	<u>\$ 1,083,319</u>

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

5. Post-employment benefits	<u>2013</u>	<u>2012</u>
Accrued vacation pay	\$ <u>417,857</u>	\$ <u>426,726</u>
Accumulated sick leave	774,300	856,000
Post-employment benefits	<u>1,002,943</u>	<u>971,600</u>
	<u>1,777,243</u>	<u>1,827,600</u>
	<u>\$ 2,195,100</u>	<u>\$ 2,254,326</u>

### Accrued vacation pay

As at December 31, 2013, employees of the Municipality have accumulated vacation pay credits in the amount of \$ 417,857 (2012 - \$ 426,726). 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, 2013 of \$ 1,777,243 (2012 - \$ 1,827,600) was determined by actuarial valuation using a discount rate of 5%. A reserve has been established for the accumulated sick leave liability. The balance as at December 31, 2013 is \$ 658,558 (2012 - \$ 709,776).

	<u>2013</u>	<u>2012</u>
Accrued benefit obligation:		
Beginning of year	\$ 1,340,000	\$ 1,288,500
Benefit expense	84,700	80,800
Interest accrued	68,200	66,100
Benefits paid	<u>(169,257)</u>	<u>(95,400)</u>
End of year	<u>\$ 1,323,643</u>	<u>\$ 1,340,000</u>
Funded status:		
Employment benefit plan liabilities	\$ 1,323,643	\$ 1,340,000
Unamortized net actuarial gain	<u>453,600</u>	<u>487,600</u>
Employee benefit plan liability	<u>\$ 1,777,243</u>	<u>\$ 1,827,600</u>
The accrued benefit obligation consists of the following:		
Accumulated sick leave	\$ 774,300	\$ 856,000
Other post-employment	<u>1,002,943</u>	<u>971,600</u>
	<u>\$ 1,777,243</u>	<u>\$ 1,827,600</u>

---

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

---

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

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

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

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

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

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

---

### 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 2013 budget and inflation adjusted at 1.20% per annum. These costs were then discounted to December 31, 2013 using a discount rate of 4.20%. 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, 2013 is \$ 4,895,833 (2012 - \$ 4,402,236). Additional expenses for post-closure care recorded in 2013 were in the amount of \$ 629,665 (2012 - \$ 158,667).

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

7. Long term debt	<u>2013</u>	<u>2012</u>
(a) Total long term debt incurred or assumed by the Municipality and outstanding at the end of the year amounts to	\$ -	\$ 4,792

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

<u>1,991,212</u>	<u>2,104,518</u>
<u>\$ 1,991,212</u>	<u>\$ 2,109,310</u>

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

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

2014	\$ 117,934
2015	122,711
2016	467,647
2017	106,746
2018	111,017

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

(e) Total charges for the year for net long term debt, which are reported on the consolidated statement of operations, are as follows:

	<u>2013</u>	<u>2012</u>
Principal	\$ 118,098	\$ 124,748
Interest	<u>85,827</u>	<u>93,401</u>
	<u>\$ 203,925</u>	<u>\$ 218,149</u>

---

## Corporation of the City of Thorold

### Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

---

#### 8. Tangible capital assets

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

	<u>2013</u>	<u>2012</u>
Land	\$ 2,234,376	\$ 2,215,282
Land improvements	4,533,958	4,860,170
Buildings	9,386,939	8,461,818
Machinery and equipment	1,724,974	1,853,827
Vehicles	<u>2,202,457</u>	<u>2,327,408</u>
	<u>20,082,704</u>	<u>19,718,505</u>
Infrastructure		
Transportation	26,115,974	25,928,264
Storm sewers	7,221,883	7,421,798
Sanitary sewers	23,331,074	23,556,433
Infrastructure water	<u>15,464,774</u>	<u>15,186,152</u>
	<u>72,133,705</u>	<u>72,092,647</u>
Construction in process	<u>7,302,321</u>	<u>3,921,379</u>
	<u>\$ 99,518,730</u>	<u>\$ 95,732,531</u>

See pages 27 and 28 for more detail.

---

#### 9. Accumulated surplus

	<u>2013</u>	<u>2012</u>
Operating deficit	\$ (5,522,961)	\$ (3,213,851)
Investment in tangible capital assets	99,518,730	95,732,531
Reserves and reserve funds (Note 11)	29,934,468	27,655,891
Unfunded liabilities (Note 12)	<u>(9,082,145)</u>	<u>(8,765,872)</u>
	<u>\$ 114,848,092</u>	<u>\$ 111,408,699</u>

The 2013 operating deficit of the Municipality available for the general reduction of taxation or user charges has been decreased by an amount of \$ 44,010; transferred from the reserve for industrial development as authorized by Council. Had this transfer not been made the operating deficit would have been \$ 5,566,971. The 2012 operating deficit was decreased by \$ 133,076; transferred from the reserve for industrial development. Had this transfer not been made the 2012 operating deficit would have been \$ 3,346,927.

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

<b>10. Reserves and reserve funds</b>	<u><b>2013</b></u>	<u><b>2012</b></u>
Reserves set aside by Council for specific purposes:		
Municipal development	\$ 610,065	\$ 551,993
Working funds (uncollectible taxes)	510,000	510,000
Equipment replacement	1,220,887	909,943
Accumulated sick leave	658,558	709,776
Computer	112,522	90,050
Contingencies	100,905	11,150
Election	48,572	34,664
Grant stabilization	23,812	34,243
Sewage capital	1,969,911	2,297,377
Water capital	3,196,407	2,506,500
Insurance deductible	267,784	249,747
Industrial development	735,133	685,144
Pay equity	53,705	129,592
Winter control	63,668	45,393
Encumbrances	<u>381,775</u>	<u>361,354</u>
<b>Total reserves</b>	<u><b>9,953,704</b></u>	<u><b>9,126,926</b></u>
Reserve funds set aside by Council for specific purposes:		
Beaverdams church	9,210	9,354
Capital assets	522,743	118,592
Hospital expansion	2,192	-
Transit	138,333	138,333
Arena building	322,922	306,675
Library expansion	28,862	28,520
Hydro proceeds	17,040,913	17,061,208
Mausoleum and cemetery improvements	397,375	333,779
Municipal land and building	552,477	379,953
Niagara Falls bridge	751,957	-
Port Robinson transportation	90,978	100,027
Thorold pre-recreation (Mel Swart Park)	120,527	50,277
Thorold South Community Centre building	<u>2,275</u>	<u>2,247</u>
<b>Total reserve funds</b>	<u><b>19,980,764</b></u>	<u><b>18,528,965</b></u>
	<u><b>\$ 29,934,468</b></u>	<u><b>\$ 27,655,891</b></u>

---

**Corporation of the City of Thorold**  
**Notes to the Consolidated Financial Statements**  
For the Year Ended December 31, 2013

---

**10. Reserves and reserve funds (continued)**

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

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	<u>\$ 27,655,891</u>	<u>\$ 26,494,956</u>
Contributions from		
Investment income	521,699	535,346
User charges	155,105	78,269
Other revenue	<u>159,911</u>	<u>191,802</u>
	<u>836,715</u>	<u>805,417</u>
Provided from (utilized for) operations	(211,441)	1,326,883
Provided for (utilized for) tangible capital asset acquisitions	<u>1,653,303</u>	<u>(971,365)</u>
	<u>1,441,862</u>	<u>355,518</u>
Balance, end of year	<u>\$ 29,934,468</u>	<u>\$ 27,655,891</u>

---

**11. Unfunded liabilities**

	<u>2013</u>	<u>2012</u>
Post-employment benefits	\$ 2,195,100	\$ 2,254,326
Landfill liability	4,895,833	4,402,236
Long term debt	<u>1,991,212</u>	<u>2,109,310</u>
	<u>\$ 9,082,145</u>	<u>\$ 8,765,872</u>

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

12. Taxation	Budget 2013 (Note 25)	Actual 2013	Actual 2012
Real property		\$ 31,295,844	\$ 30,781,547
From other governments			
Payments in lieu of taxes		<u>2,630,614</u>	<u>831,312</u>
		<u>33,926,458</u>	<u>31,612,859</u>
Less: taxation collected on behalf of (Note 13)			
Region of Niagara		14,034,980	13,211,302
School boards		<u>6,315,600</u>	<u>6,305,765</u>
		<u>20,350,580</u>	<u>19,517,067</u>
Net taxes available for municipal purposes		<u>\$ 13,575,878</u>	<u>\$ 12,095,792</u>
Residential, multi-residential and farm	\$ 9,477,706	\$ 9,710,263	\$ 8,938,953
Commercial and industrial	<u>3,468,823</u>	<u>3,865,615</u>	<u>3,156,839</u>
Net taxes available for municipal purposes	<u>\$ 12,946,529</u>	<u>\$ 13,575,878</u>	<u>\$ 12,095,792</u>

### 13. 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>2013</u>	<u>2012</u>
Region of Niagara	\$ 14,034,980	\$ 13,211,302
School boards	<u>6,315,600</u>	<u>6,305,765</u>
	<u>\$ 20,350,580</u>	<u>\$ 19,517,067</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, 2013

14. User fees and charges	Budget 2013 (Note 25)	Actual 2013	Actual 2012
<b>Operating</b>			
Fees and service charges	\$ 723,500	\$ 989,465	\$ 984,432
Water charges	3,167,656	3,109,684	3,098,248
Sewage charges	3,383,700	3,322,343	2,987,518
Licences and permits	306,251	319,089	330,501
Development charges	<u>7,000</u>	<u>11,828</u>	<u>14,562</u>
	<u>7,588,107</u>	<u>7,752,409</u>	<u>7,415,261</u>
<b>Capital</b>			
Fees and service charges	-	1,070,172	95,913
Development charges	<u>463,206</u>	<u>1,115,555</u>	<u>101,284</u>
	<u>463,206</u>	<u>2,185,727</u>	<u>197,197</u>
	<u>\$ 8,051,313</u>	<u>\$ 9,938,136</u>	<u>\$ 7,612,458</u>

15. Grants	Budget 2013 (Note 25)	Actual 2013	Actual 2012
<b>Operating</b>			
Province of Ontario	\$ 653,846	\$ 719,424	\$ 674,271
Government of Canada	140,382	135,541	168,980
Municipal	<u>75,000</u>	<u>163,684</u>	<u>124,839</u>
	<u>869,228</u>	<u>1,018,649</u>	<u>968,090</u>
<b>Capital</b>			
Province of Ontario	25,000	67,228	3,187
Government of Canada	699,082	766,364	545,374
Municipal	<u>50,000</u>	<u>538,215</u>	<u>168,197</u>
	<u>774,082</u>	<u>1,371,807</u>	<u>716,758</u>
	<u>\$ 1,643,310</u>	<u>\$ 2,390,456</u>	<u>\$ 1,684,848</u>

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

16. Other	Budget 2013 (Note 25)	Actual 2013	Actual 2012
<b>Operating</b>			
Penalties and interest on taxes	\$ 561,500	\$ 551,124	\$ 532,854
Fines	83,900	37,724	34,908
Investment income	233,900	98,013	129,066
Investment income – reserves and reserve funds	526,704	521,699	535,346
Rental income	67,035	70,663	63,341
Donations	-	12,310	20,357
Transfer from the Corporation of the City of Thorold - Trust Funds	20,000	30,585	30,022
Other	-	83,648	-
	<u>1,493,039</u>	<u>1,405,766</u>	<u>1,345,894</u>
<b>Capital</b>			
Donations	-	26,211	33,759
Other	<u>240,700</u>	<u>285,800</u>	<u>254,722</u>
	<u>240,700</u>	<u>312,011</u>	<u>288,481</u>
	<u>\$ 1,733,739</u>	<u>\$ 1,717,777</u>	<u>\$ 1,634,375</u>

### 17. Pension agreement

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

Contributions to OMERS are made at rates ranging from 9% to 15.9% depending on the proposed retirement age and the level of earnings. As a result \$ 1,280,943 (2012 - \$ 1,166,329) was contributed to OMERS for current service, of which \$ 640,390 (2012 - \$ 583,164) represents the employees' portion.

Under the past service provisions of OMERS, the Municipality is obligated as at December 31, 2013 for the amount of \$ Nil (2012 - \$ 4,792) and is currently reflected as part of net long term liabilities on the consolidated statement of financial position.

---

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

---

### 18. Corporation of the City of Thorold – Trust Funds

Trust Funds administered by the Municipality amounting to \$ 1,201,234 (2012 - \$ 1,162,088) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

---

### 19. Commitments

#### Capital expenses

The estimated future capital expense commitments based on projects in progress at December 31, 2013 is approximately \$ 1,918,674 (2012 - \$ 7,609,765). These projects will be financed by grants, subsidies and long term liabilities in future years.

#### Transit services

The Municipality has a contract for transit services with the St. Catharines Transit Commission at an approximate cost of \$ 618,725 for the upcoming year. The contract expires on December 31, 2014 and is to be reviewed annually.

#### 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:

2014	\$ 2,655
2015	2,655
2016	2,655
2017	2,655
2018	225

#### 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.

---

### 20. Contingencies

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

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

### 21. 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>2013</u>	<u>2012</u>
Revenue		
Ontario grants		
Ontario Municipal Partnership Fund	\$ 225,900	\$ 250,900
Ontario Power Generation	20,000	-
Hydro One	47,228	-
Recreation and cultural	64,384	100,450
Municipal infrastructure investment initiative	25,181	-
Transit – Provincial Gas Tax	324,303	291,587
Miscellaneous	<u>79,656</u>	<u>34,521</u>
	<u>786,652</u>	<u>677,458</u>
Federal grants		
Transit	97,504	114,281
Cemeteries	21,147	21,252
Infrastructure	253,443	-
New Horizons	-	25,000
War 1812	11,467	28,500
Gas tax	515,109	522,511
Recreation and cultural	<u>3,235</u>	<u>2,810</u>
	<u>901,905</u>	<u>714,354</u>
Municipal grants		
Regional Municipality of Niagara		
Provincial Offences Act	38,890	64,467
Capital grants	538,214	168,197
Downtown facade program	47,510	30,000
Miscellaneous	<u>77,285</u>	<u>30,372</u>
	<u>701,899</u>	<u>293,036</u>
	<u>\$ 2,390,456</u>	<u>\$ 1,684,848</u>
Expenses		
Charitable and non-profit organizations	<u>\$ 51,394</u>	<u>\$ 44,765</u>

---

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

---

### 22. 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.

---

### 23. Financial instruments

The Municipality's financial instruments consist of cash and cash equivalents, portfolio investments, taxes receivable, user charges receivable, other receivables, accounts payable and long term debt. It is management's opinion that the Municipality is not exposed to significant market, interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximates their carrying value as the instruments are either current in nature or bear interest at market rates.

---

### 24. Comparative figures

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

---

### 25. Budget

The budget by-law adopted by Council on December 18, 2012 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 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: Reserve and reserve fund interest revenue		526,704
Acquisition of tangible capital assets		11,169,065
Capital revenues		(10,535,121)
Transfers to reserves and reserve funds - net		748,210
Principal repayments of long term debt		128,263
Less: Amortization of tangible capital assets		<u>(800,460)</u>
Budgeted surplus reported on the consolidated statement of operations	\$	<u>1,236,661</u>

---

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

---

### 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, 2013

---

### 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, 2013

Cost	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Infrastructure (Note 8)	Construction in Progress	2013
Beginning of year	\$ 2,215,282	\$ 9,370,953	\$ 14,707,585	\$ 4,180,847	\$ 4,762,526	\$ 107,922,407	\$ 3,921,379	\$ 147,080,979
Add additions	19,094	174,692	1,327,172	234,372	162,748	2,283,927	7,056,789	11,258,794
Less disposals during the year	-	(9,403)	-	(167,054)	(76,927)	(1,465,045)	(3,675,847)	(5,394,276)
End of year	<u>2,234,376</u>	<u>9,536,242</u>	<u>16,034,757</u>	<u>4,248,165</u>	<u>4,848,347</u>	<u>108,741,289</u>	<u>7,302,321</u>	<u>152,945,497</u>
<b>Accumulated amortization</b>								
Beginning of year	-	4,510,783	6,245,767	2,327,020	2,435,118	35,829,760	-	51,348,448
Add amortization during the year	-	500,904	402,051	363,225	287,699	2,237,465	-	3,791,344
Less amortization on disposals	-	(9,403)	-	(167,054)	(76,927)	(1,459,641)	-	(1,713,025)
End of year	<u>-</u>	<u>5,002,284</u>	<u>6,647,818</u>	<u>2,523,191</u>	<u>2,645,890</u>	<u>36,607,584</u>	<u>-</u>	<u>53,426,767</u>
<b>Net book value</b>	<u>\$ 2,234,376</u>	<u>\$ 4,533,958</u>	<u>\$ 9,386,939</u>	<u>\$ 1,724,974</u>	<u>\$ 2,202,457</u>	<u>\$ 72,133,705</u>	<u>\$ 7,302,321</u>	<u>\$ 99,518,730</u>

## Corporation of the City of Thorold Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2012

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Infrastructure (Note B)	Construction in Progress	2012
<b>Cost</b>								
Beginning of year	\$ 2,236,957	\$ 9,278,617	\$ 14,583,581	\$ 4,031,394	\$ 4,561,000	\$ 103,638,074	\$ 3,999,873	\$ 142,329,496
Additions	-	92,336	141,230	309,668	480,149	4,853,889	4,226,071	10,103,343
Less disposals during the year	(21,675)	-	(17,226)	(160,215)	(278,623)	(569,556)	(4,304,565)	(5,351,860)
End of year	<u>2,215,282</u>	<u>9,370,953</u>	<u>14,707,585</u>	<u>4,180,847</u>	<u>4,762,526</u>	<u>107,922,407</u>	<u>3,921,379</u>	<u>147,080,979</u>
<b>Accumulated amortization</b>								
Beginning of year	-	4,016,905	5,915,657	2,115,611	2,451,968	34,262,206	-	48,762,347
Add amortization during the year	-	493,878	340,877	371,624	261,773	2,121,668	-	3,589,820
Less amortization on disposals	-	-	(10,767)	(160,215)	(278,623)	(554,114)	-	(1,003,719)
End of year	<u>-</u>	<u>4,510,783</u>	<u>6,245,767</u>	<u>2,327,020</u>	<u>2,435,118</u>	<u>35,829,760</u>	<u>-</u>	<u>51,348,448</u>
<b>Net book value</b>	<u>\$ 2,215,282</u>	<u>\$ 4,860,170</u>	<u>\$ 8,461,818</u>	<u>\$ 1,853,827</u>	<u>\$ 2,327,408</u>	<u>\$ 72,092,647</u>	<u>\$ 3,921,379</u>	<u>\$ 95,732,531</u>

# Corporation of the City of Thorold Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2013

	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Recreation and culture services	Planning and development	2013
<b>Revenues</b>									
Taxation	\$ 2,440,036	\$ 3,541,077	\$ 2,785,659	\$ 1,330,367	\$ 911,622	\$ 205,334	\$ 1,839,222	\$ 522,561	\$ 13,575,878
User charges	924,630	344,967	96,670	7,711,612	167,171	-	533,638	159,448	9,938,136
Grants	300,497	86,655	920,512	807,950	24,588	26,364	99,086	124,794	2,390,456
Other	1,284,795	51,772	71,241	-	43,177	-	266,519	273	1,717,777
Gain (loss) on disposal of tangible capital assets	171,452	-	(4,195)	(1,210)	-	-	-	-	166,047
	5,121,410	4,024,471	3,869,887	9,848,719	1,146,588	231,698	2,738,465	807,076	27,788,294
<b>Expenses</b>									
Salaries and benefits	845,509	3,305,168	1,792,562	925,725	527,834	29,731	1,647,056	492,808	9,566,393
Operating materials and supplies	244,554	363,304	868,570	188,147	179,759	19,049	828,972	94,628	2,786,983
Contracted services	36,180	267,091	622,946	5,668,811	(9,224)	155	208,215	312,014	7,106,188
Rent and financial expenses	44,954	74,596	70,076	121,060	13,741	874	49,063	20,884	395,248
External transfers to others	-	-	-	204,444	298,001	-	51,394	63,146	616,985
Amortization	132,041	308,608	1,726,158	797,867	102,683	10,113	707,605	6,269	3,791,344
Debt service	85,760	-	-	-	-	-	-	-	85,760
	1,388,998	4,318,767	5,080,312	7,906,054	1,112,794	59,922	3,492,305	989,749	24,348,901
<b>Annual surplus (deficit)</b>	\$ 3,732,412	\$ (294,296)	\$ (1,210,425)	\$ 1,942,665	\$ 33,774	\$ 171,776	\$ (753,840)	\$ (182,673)	\$ 3,439,393

# Corporation of the City of Thorold Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2012

	General government	Protection and property	Transportation services	Environmental services	Health services	Social and family services	Recreation and culture services	Planning and development	2012
<b>Revenues</b>									
Taxation	\$ 2,063,799	\$ 3,218,614	\$ 2,503,850	\$ 1,324,555	\$ 839,295	\$ 95,489	\$ 1,660,733	\$ 389,457	\$ 12,095,792
User charges	83,967	325,704	122,404	6,203,013	154,046	-	576,671	146,653	7,612,458
Grants	281,225	100,012	902,316	192,911	22,686	33,075	97,251	55,372	1,664,848
Other	1,250,146	46,908	32,620	-	34,467	22,532	247,602	100	1,634,375
Gain (loss) on disposal of tangible capital assets	145,328	-	(6,460)	(15,440)	-	-	-	-	123,428
	3,824,465	3,691,238	3,554,730	7,705,039	1,050,494	151,096	2,582,257	591,582	23,150,901
<b>Expenses</b>									
Salaries and benefits	817,234	3,181,353	1,655,637	848,009	496,342	31,643	1,634,119	377,523	9,041,860
Operating materials and supplies	223,290	408,862	874,534	160,993	141,530	13,439	745,449	109,827	2,677,924
Contracted services	10,032	265,552	929,922	5,240,648	(2,189)	143	118,230	177,182	6,739,520
Rent and financial expenses	17,895	6,095	13,768	3,595	1,379	26	2,490	1,898	47,146
External transfers to others	-	-	-	-	298,000	-	44,765	60,600	403,365
Amortization	124,171	306,579	1,463,851	922,696	94,095	-	658,009	20,419	3,589,820
Debt service	93,401	-	-	-	-	-	-	-	93,401
	1,286,023	4,168,441	4,937,712	7,175,941	1,029,157	45,251	3,203,062	747,449	22,593,036
<b>Annual surplus (deficit)</b>	\$ 2,538,442	\$ (477,203)	\$ (1,382,982)	\$ 529,098	\$ 21,337	\$ 105,845	\$ (620,805)	\$ (155,867)	\$ 557,865

# Corporation of the City of Thorold

## Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2013

	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
<b>General government</b>			
<b>Revenue</b>			
Taxation	\$ 2,313,133	\$ 2,440,036	\$ 2,063,799
User charges	204,284	924,630	83,967
Grants	250,900	300,497	281,225
Other	1,430,909	1,284,795	1,250,146
Gain on disposal of tangible capital assets	-	<u>171,452</u>	<u>145,328</u>
	<u>4,199,226</u>	<u>5,121,410</u>	<u>3,824,465</u>
<b>Expenses</b>			
Salaries and benefits	856,748	845,509	817,234
Operating materials and supplies	167,782	244,554	223,290
Contracted services	(18,849)	36,180	10,032
Rent and financial expenses	(280,222)	44,954	17,895
Amortization	132,041	132,041	124,171
Debt service	<u>180,797</u>	<u>85,760</u>	<u>93,401</u>
	<u>1,038,297</u>	<u>1,388,998</u>	<u>1,286,023</u>
<b>Annual surplus</b>	<u>\$ 3,160,929</u>	<u>\$ 3,732,412</u>	<u>\$ 2,538,442</u>
<b>Protection to persons and property</b>			
<b>Revenue</b>			
Taxation	\$ 3,356,909	\$ 3,541,077	\$ 3,218,614
User charges	300,126	344,967	325,704
Grants	86,000	86,655	100,012
Other	<u>83,900</u>	<u>51,772</u>	<u>46,908</u>
	<u>3,826,935</u>	<u>4,024,471</u>	<u>3,691,238</u>
<b>Expenses</b>			
Salaries and benefits	3,308,651	3,305,168	3,181,353
Operating materials and supplies	453,906	363,304	408,862
Contracted services	196,489	267,091	265,552
Rent and financial expenses	78,320	74,596	6,095
Amortization	<u>308,608</u>	<u>308,608</u>	<u>306,579</u>
	<u>4,345,974</u>	<u>4,318,767</u>	<u>4,168,441</u>
<b>Annual deficit</b>	<u>\$ (519,039)</u>	<u>\$ (294,296)</u>	<u>\$ (477,203)</u>

# Corporation of the City of Thorold

## Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2013

	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
<b>Transportation services</b>			
<b>Revenue</b>			
Taxation	\$ 2,640,780	\$ 2,785,659	\$ 2,503,850
User charges	75,201	96,670	122,404
Grants	1,013,728	920,512	902,316
Other	-	71,241	32,620
Loss on disposal of tangible capital assets	-	(4,195)	(6,460)
	<u>3,729,709</u>	<u>3,869,887</u>	<u>3,554,730</u>
<b>Expenses</b>			
Salaries and benefits	1,589,905	1,792,562	1,655,637
Operating materials and supplies	1,101,851	868,570	874,534
Contracted services	174,253	622,946	929,922
Rent and financial expenses	68,914	70,076	13,768
Amortization	1,726,158	1,726,158	1,463,851
	<u>4,661,081</u>	<u>5,080,312</u>	<u>4,937,712</u>
<b>Annual deficit</b>	<u>\$ (931,372)</u>	<u>\$ (1,210,425)</u>	<u>\$ (1,382,982)</u>
<b>Environmental services</b>			
<b>Revenue</b>			
Taxation	\$ 1,325,147	\$ 1,330,367	\$ 1,324,555
User charges	6,676,747	7,711,612	6,203,013
Grants	153,082	807,950	192,911
Loss on disposal of tangible capital assets	-	(1,210)	(15,440)
	<u>8,154,976</u>	<u>9,848,719</u>	<u>7,705,039</u>
<b>Expenses</b>			
Salaries and benefits	909,353	925,725	848,009
Operating materials and supplies	156,284	188,147	160,993
Contracted services	5,399,227	5,668,811	5,240,648
Rent and financial expenses	121,060	121,060	3,595
External transfers to others	194,263	204,444	-
Amortization	797,867	797,867	922,696
	<u>7,578,054</u>	<u>7,906,054</u>	<u>7,175,941</u>
<b>Annual surplus</b>	<u>\$ 576,922</u>	<u>\$ 1,942,665</u>	<u>\$ 529,098</u>

# Corporation of the City of Thorold

## Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2013

	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
<b>Health services</b>			
<b>Revenue</b>			
Taxation	\$ 876,957	\$ 911,622	\$ 839,295
User charges	84,600	167,171	154,046
Grants	22,000	24,598	22,686
Other	<u>24,171</u>	<u>43,177</u>	<u>34,467</u>
	<u>1,007,728</u>	<u>1,146,568</u>	<u>1,050,494</u>
<b>Expenses</b>			
Salaries and benefits	620,510	527,834	496,342
Operating materials and supplies	162,614	179,759	141,530
Contracted services	(34,975)	(9,224)	(2,189)
Rent and financial expenses	13,687	13,741	1,379
External transfers to others	299,001	298,001	298,000
Amortization	<u>102,683</u>	<u>102,683</u>	<u>94,095</u>
	<u>1,163,520</u>	<u>1,112,794</u>	<u>1,029,157</u>
<b>Annual surplus (deficit)</b>	<u>\$ (155,792)</u>	<u>\$ 33,774</u>	<u>\$ 21,337</u>
<b>Social and family services</b>			
<b>Revenue</b>			
Taxation	\$ 194,655	\$ 205,334	\$ 95,489
Grants	31,000	26,364	33,075
Other	<u>-</u>	<u>-</u>	<u>22,532</u>
	<u>225,655</u>	<u>231,698</u>	<u>151,096</u>
<b>Expenses</b>			
Salaries and benefits	36,395	29,731	31,643
Operating materials and supplies	220,616	19,049	13,439
Contracted services	155	155	143
Rent and financial expenses	874	874	26
Amortization	<u>10,113</u>	<u>10,113</u>	<u>-</u>
	<u>268,153</u>	<u>59,922</u>	<u>45,251</u>
<b>Annual surplus (deficit)</b>	<u>\$ (42,498)</u>	<u>\$ 171,776</u>	<u>\$ 105,845</u>

# Corporation of the City of Thorold

## Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2013

	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
<b>Recreation and culture services</b>			
<b>Revenue</b>			
Taxation	\$ 1,743,566	\$ 1,839,222	\$ 1,660,733
User charges	621,785	533,638	576,671
Grants	61,600	99,086	97,251
Other	<u>194,759</u>	<u>266,519</u>	<u>247,602</u>
	<u>2,621,710</u>	<u>2,738,465</u>	<u>2,582,257</u>
<b>Expenses</b>			
Salaries and benefits	1,599,875	1,647,056	1,634,119
Operating materials and supplies	806,165	828,972	745,449
Contracted services	112,415	208,215	118,230
Rent and financial expenses	49,139	49,063	2,490
External transfers to others	50,800	51,394	44,765
Amortization	<u>707,605</u>	<u>707,605</u>	<u>658,009</u>
	<u>3,325,999</u>	<u>3,492,305</u>	<u>3,203,062</u>
<b>Annual deficit</b>	<u>\$ (704,289)</u>	<u>\$ (753,840)</u>	<u>\$ (620,805)</u>
<hr/>			
<b>Planning and development</b>			
<b>Revenue</b>			
Taxation	\$ 495,383	\$ 522,561	\$ 389,457
User charges	88,570	159,448	146,653
Grants	25,000	124,794	55,372
Other	<u>-</u>	<u>273</u>	<u>100</u>
	<u>608,953</u>	<u>807,076</u>	<u>591,582</u>
<b>Expenses</b>			
Salaries and benefits	431,095	492,808	377,523
Operating materials and supplies	100,634	94,628	109,827
Contracted services	101,867	312,014	177,182
Rent and financial expenses	20,788	20,884	1,898
External transfers to others	96,500	63,146	60,600
Amortization	<u>6,269</u>	<u>6,269</u>	<u>20,419</u>
	<u>757,153</u>	<u>989,749</u>	<u>747,449</u>
<b>Annual deficit</b>	<u>\$ (148,200)</u>	<u>\$ (182,673)</u>	<u>\$ (155,867)</u>



Grant Thornton

## Independent auditor's report

Grant Thornton LLP  
Suite B  
222 Catharine Street, PO Box 336  
Port Colborne, ON  
L3K 5W1  
T +1 905 834 3651  
F +1 905 834 5095  
E PortColborne@ca.gt.com  
www.GrantThornton.ca

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

We have audited the accompanying consolidated financial statements of the Trust Funds of the Corporation of the City of Thorold, which comprise the consolidated statement of financial position as at December 31, 2013, 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, 2013, 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  
July 15, 2014

Chartered Accountants  
Licensed Public Accountants

---

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

As at December 31, 2013

---

	<u>Cemetery Care and Maintenance</u>	<u>Mausoleum Care and Maintenance</u>	<u>Monument and Marker Care</u>	<u>Total 2013</u>	<u>Total 2012</u>
<b>Financial assets</b>					
Cash and cash equivalents	\$ 88,140	\$ 276,339	\$ 85,001	\$ 449,480	\$ 402,768
Accounts receivable	-	1,790	-	1,790	9,354
Portfolio investments (Note 2)	<u>324,982</u>	<u>424,982</u>	<u>-</u>	<u>749,964</u>	<u>749,964</u>
<b>Net financial assets and accumulated surplus</b>	<u>\$ 413,122</u>	<u>\$ 703,111</u>	<u>\$ 85,001</u>	<u>\$ 1,201,234</u>	<u>\$ 1,162,086</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, 2013

	<u>Cemetery Care and Maintenance</u>	<u>Mausoleum Care and Maintenance</u>	<u>Monument and Marker Care</u>	<u>Total 2013</u>	<u>Total 2012</u>
<b>Revenue</b>					
Marker fees	\$ -	\$ -	\$ 2,150	\$ 2,150	\$ 3,850
Sales of crypts/niches	-	26,594	-	26,594	24,783
Sale of plots	10,404	-	-	10,404	7,727
Interest	<u>12,045</u>	<u>17,486</u>	<u>1,053</u>	<u>30,584</u>	<u>30,022</u>
	22,449	44,080	3,203	69,732	66,382
<b>Expenses</b>					
Interest earned distributed to the City of Thorold	<u>12,045</u>	<u>17,486</u>	<u>1,053</u>	<u>30,584</u>	<u>30,022</u>
<b>Annual surplus</b>	10,404	26,594	2,150	39,148	36,360
<b>Accumulated surplus</b>					
Beginning of year	<u>402,718</u>	<u>676,517</u>	<u>82,851</u>	<u>1,162,086</u>	<u>1,125,726</u>
End of year	<u>\$ 413,122</u>	<u>\$ 703,111</u>	<u>\$ 85,001</u>	<u>\$ 1,201,234</u>	<u>\$ 1,162,086</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, 2013

---

#### 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 3.2% to 3.61% maturing between February, 2016 and June, 2018. Portfolio investments of \$ 749,964 (2012 - \$ 749,964) have an estimated market value of \$ 769,502 (2012 - \$ 765,436).



Financial Report

Thorold Public Library Board

December 31, 2013

# Contents

	<b>Page</b>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Debt	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-13
Schedule of Tangible Capital Assets	14



Grant Thornton

## Independent auditor's report

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

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

To the 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, 2013 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, 2013, 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 28, 2014

Chartered Accountants  
Licensed Public Accountants

---

# Thorold Public Library Board

## Statement of Financial Position

As at December 31	2013	2012
<b>Financial assets</b>		
Cash and cash equivalents	\$ 142,315	\$ 122,948
Receivables	6,237	6,570
Due from City of Thorold	<u>6,608</u>	<u>25,441</u>
	<u>155,160</u>	<u>154,959</u>
<b>Liabilities</b>		
Payables and accruals	15,192	14,019
Deferred revenue	-	1,772
Loan payable to City of Thorold (Note 4)	90,000	100,000
Future employment benefits (Note 5)	<u>131,685</u>	<u>131,285</u>
	<u>236,877</u>	<u>247,076</u>
<b>Net debt</b>	<u>(81,717)</u>	<u>(92,117)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Page 14)	442,698	457,184
Prepays	<u>2,387</u>	<u>-</u>
	<u>445,085</u>	<u>457,184</u>
<b>Accumulated surplus (Note 6)</b>	<u>\$ 363,368</u>	<u>\$ 365,067</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, 2013

	Budget <u>2013</u> (Note 3)	Actual <u>2013</u>	Actual <u>2012</u>
<b>Revenue</b>			
Municipal contribution	\$ 530,400	\$ 530,400	\$ 520,000
Development charges	7,000	7,000	7,000
Grants (Note 8)	36,500	39,987	48,272
Other (Note 9)	<u>18,900</u>	<u>18,090</u>	<u>19,982</u>
	<u>592,800</u>	<u>595,477</u>	<u>595,254</u>
<b>Expenses</b>			
Administration	19,000	16,365	17,060
Amortization	75,933	75,933	75,801
Electronic services, periodicals and newspapers	6,000	5,330	5,836
Insurance	3,800	3,998	3,598
Programs	2,000	2,441	2,100
Repairs and maintenance	30,500	29,921	30,391
Salaries, wages and benefits (Note 10)	424,000	423,445	430,705
Service contracts	10,000	26,252	10,426
Special project – 15 Million Initiative	-	-	11,099
Supplies	5,200	4,735	4,474
Utilities	<u>20,300</u>	<u>19,356</u>	<u>18,176</u>
	<u>596,733</u>	<u>607,776</u>	<u>609,666</u>
	(3,933)	(12,299)	(14,412)
<b>Other</b>			
Grants and revenue related to capital Municipal contribution	<u>10,600</u>	<u>10,600</u>	<u>10,000</u>
<b>Annual surplus (deficit)</b>	6,667	(1,699)	(4,412)
<b>Accumulated surplus (Note 6)</b>			
Beginning of year	<u>365,067</u>	<u>365,067</u>	<u>369,479</u>
End of year	<u>\$ 371,734</u>	<u>\$ 363,368</u>	<u>\$ 365,067</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, 2013

---

	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
Annual surplus (deficit)	\$ 22,067	\$ (1,699)	\$ (4,412)
Amortization of tangible capital assets	75,933	75,933	75,801
Acquisition of tangible capital assets	(59,000)	(61,447)	(219,120)
Acquisition of prepaids	<u>-</u>	<u>(2,387)</u>	<u>-</u>
	<u>16,933</u>	<u>12,099</u>	<u>(143,319)</u>
Increase in net financial assets (debt)	39,000	10,400	(147,731)
<b>Net (debt) financial assets</b>			
Beginning of year	<u>(92,117)</u>	<u>(92,117)</u>	<u>55,614</u>
End of year	<u>\$ (53,117)</u>	<u>\$ (81,717)</u>	<u>\$ (92,117)</u>

---

See accompanying notes and schedule to the financial statements.

# Thorold Public Library Board

## Statement of Cash Flows

For the Year Ended December 31

2013

2012

**Increase (decrease) in cash and cash equivalents**

**Operating**

Annual deficit	\$ (1,699)	\$ (4,412)
Non-cash items		
Amortization	75,933	75,801
Decrease in receivables	333	9,223
Decrease (increase) in due from City of Thorold	18,833	(24,407)
Increase (decrease) in payables and accruals	1,173	(15,263)
Decrease in deferred revenue	(1,772)	-
Increase (decrease) in future employment benefits	400	(2,294)
Acquisition of prepaids	<u>(2,387)</u>	<u>-</u>
	<u>90,814</u>	<u>38,648</u>

**Financing**

Loan advanced from City of Thorold	-	100,000
Loan repayment to City of Thorold	<u>(10,000)</u>	<u>-</u>
	<u>(10,000)</u>	<u>100,000</u>

**Investing**

Acquisition of tangible capital assets	<u>(61,447)</u>	<u>(219,120)</u>
--	-----------------	------------------

**Net increase (decrease) in cash and cash equivalents** 19,367 (80,472)

**Cash and cash equivalents**

Beginning of year	<u>122,948</u>	<u>203,420</u>
End of year	<u>\$ 142,315</u>	<u>\$ 122,948</u>

**Cash and cash equivalents consist of**

Cash on hand	\$ 200	\$ 200
Cash held in banks	16,494	24,502
Guaranteed investment certificates	<u>125,621</u>	<u>98,246</u>
	<u>\$ 142,315</u>	<u>\$ 122,948</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, 2013

---

### **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**

The financial statements of the Library are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Library are as follows:

#### **(a) 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.

#### **(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 twelve months.

#### **(d) 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, 2013

---

### 2. Significant accounting policies (continued)

#### (d) 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.

#### (e) Deferred revenue

Deferred revenue is comprised of the unspent portion of grants.

#### (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 grants are recognized when approved to the extent the related expenses have been incurred and collection can be reasonably assured.

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, 2013

---

### 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>2013</u>
Approved budgeted annual surplus	\$ -
Add: transfers to reserves – net	13,600
Add: debt reduction	10,000
Add: tangible capital asset expenditures	59,000
Less: amortization of tangible capital assets	<u>(75,933)</u>
Budgeted annual surplus reported on the statement of operations	<u>\$ 6,667</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 2013 was \$ 10,000 (2012 - \$ Nil).

# Thorold Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2013

5. Future employment benefits	<u>2013</u>	<u>2012</u>
Accrued vacation pay	\$ 14,385	\$ 14,385
Accumulated sick leave	86,000	78,500
Post-employment benefits	<u>31,300</u>	<u>38,400</u>
	<u>\$ 131,685</u>	<u>\$ 131,285</u>

**(a) Accrued vacation pay**

As at December 31, 2013, employees of the Library have accumulated vacation pay credits in the amount of \$ 14,385 (2012 - \$ 14,385). 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 5%. A reserve has been established for the accumulated sick leave liability. The balance as at December 31, 2013 is \$ 42,416 (2012 - \$ 38,983).

Defined benefit plan information:	<u>2013</u>	<u>2012</u>
Accrued benefit obligation:		
Beginning of year	\$ 138,300	\$ 139,600
Benefit expense	5,800	5,600
Interest accrued	6,800	7,000
Benefits paid	<u>(14,100)</u>	<u>(13,900)</u>
End of year	<u>\$ 136,800</u>	<u>\$ 138,300</u>
Funded status:		
Employment benefit plan liabilities	\$ 136,800	\$ 138,300
Unamortized net actuarial loss	<u>(19,500)</u>	<u>(21,400)</u>
Employee benefit plan liability	<u>\$ 117,300</u>	<u>\$ 116,900</u>

---

## Thorold Public Library Board

### Notes to the Financial Statements

For the Year Ended December 31, 2013

---

#### 5. Future employment benefits (continued)

The accrued benefit obligation consists of the following:	<u>2013</u>	<u>2012</u>
Accumulated sick leave	\$ 86,000	\$ 78,500
Other post-employment	<u>31,300</u>	<u>38,400</u>
	<u>\$ 117,300</u>	<u>\$ 116,900</u>

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

General inflation – Future general inflation levels, as measured by changes in the consumer price index (CPI), were assumed at 3% in 2013 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 7% in 2013 grading down at 0.5% per year to a rate of 4%.

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

---

6. Accumulated surplus	<u>2013</u>	<u>2012</u>
Operating surplus	\$ 36,809	\$ 37,679
Unfunded liabilities	(221,685)	(231,285)
Reserves (Note 7)	105,546	101,489
Investment in tangible capital assets	<u>442,698</u>	<u>457,184</u>
	<u>\$ 363,368</u>	<u>\$ 365,067</u>

# Thorold Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2013

<b>7. Reserves</b>	<u><b>2013</b></u>	<u><b>2012</b></u>
Reserves set aside for specific purposes		
Sick pay reserve	\$ 42,416	\$ 38,983
Pay equity reserve	<u>36,978</u>	<u>36,663</u>
	<b>79,394</b>	75,646
Reserve funds set aside for specific purposes		
Expansion fund	<u>26,152</u>	<u>25,843</u>
	<u><b>\$ 105,546</b></u>	<u><b>\$ 101,489</b></u>
Balance, beginning of year	\$ 101,489	\$ 97,290
Interest income	1,057	1,199
Funds contributed from operations	<u>3,000</u>	<u>3,000</u>
Balance, end of year	<u><b>\$ 105,546</b></u>	<u><b>\$ 101,489</b></u>

<b>8. Grants</b>	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
<b>Operating</b>			
Province of Ontario			
Unconditional grant	\$ 29,700	\$ 29,683	\$ 29,684
Pay equity	2,700	2,744	2,744
SOLS – Connectivity Funding	1,100	651	-
SOLS – Capacity Building Grant	-	3,674	-
15 Million Initiative – IT support	-	-	13,034
Federal			
HRDC summer student	<u>3,000</u>	<u>3,235</u>	<u>2,810</u>
	<u><b>\$ 36,500</b></u>	<u><b>\$ 39,987</b></u>	<u><b>\$ 48,272</b></u>

# Thorold Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2013

9. Other revenue	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
<b>Operating</b>			
Fines and fees	\$ 13,200	\$ 10,246	\$ 11,277
Interest	400	11	265
Interest - reserves	-	1,057	1,199
Miscellaneous	<u>5,300</u>	<u>6,776</u>	<u>7,241</u>
	<u>\$ 18,900</u>	<u>\$ 18,090</u>	<u>\$ 19,982</u>

10. Salaries, wages and benefits	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
Salaries and wages	\$ 350,000	\$ 336,780	\$ 349,755
Benefits	<u>74,000</u>	<u>86,665</u>	<u>80,950</u>
	<u>\$ 424,000</u>	<u>\$ 423,445</u>	<u>\$ 430,705</u>

### 11. Pension agreements

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

Contributions to OMERS are made at rates ranging from 9% to 15.9% depending on the proposed retirement age and the level of earnings. As a result \$ 27,520 (2012 - \$ 27,487) was contributed to OMERS for current service, of which \$ 13,760 (2012 - \$ 13,744) represents the employees' portion.

### 12. Financial instruments

The Library's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accruals and amounts due to related parties. It is management's opinion that the Library is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values.

### 13. Related party transactions

The Library paid the City of Thorold \$ Nil (2012 - \$ 11,099) for information technology wages in relation to the 15 Million Initiative.

## Thorold Public Library Board Schedule of Tangible Capital Assets

For the Year Ended December 31, 2013

	<u>Books</u>	<u>DVDs</u>	<u>Office Equipment</u>	<u>Furniture and Equipment</u>	<u>Computer</u>	<u>Building Improvements</u>	<u>2013</u>	<u>2012</u>
<b>Cost</b>								
Beginning of year	\$ 385,199	\$ 11,956	\$ 17,596	\$ 14,758	\$ 6,790	\$ 245,584	\$ 681,883	\$ 521,541
Add additions during the year	55,513	3,960	-	-	1,974	-	61,447	219,120
Less disposals during the year	<u>(54,905)</u>	<u>(3,958)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,863)</u>	<u>(58,778)</u>
End of year	<u>385,807</u>	<u>11,958</u>	<u>17,596</u>	<u>14,758</u>	<u>8,764</u>	<u>245,584</u>	<u>684,467</u>	<u>681,883</u>
<b>Accumulated amortization</b>								
Beginning of year	164,665	3,970	16,128	4,416	3,396	32,124	224,699	207,676
Add amortization during the year	55,028	3,985	1,468	1,476	1,697	12,279	75,933	75,801
Less amortization on disposals	<u>(54,905)</u>	<u>(3,958)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,863)</u>	<u>(58,778)</u>
End of year	<u>164,788</u>	<u>3,997</u>	<u>17,596</u>	<u>5,892</u>	<u>5,093</u>	<u>44,403</u>	<u>241,769</u>	<u>224,699</u>
<b>Net book value</b>	<u>\$ 221,019</u>	<u>\$ 7,961</u>	<u>\$ -</u>	<u>\$ 8,866</u>	<u>\$ 3,671</u>	<u>\$ 201,181</u>	<u>\$ 442,698</u>	<u>\$ 457,184</u>



Financial Report

Thorold Business Improvement Area

2013

# Contents

	<b>Page</b>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Financial Assets	5
Notes to the Financial Statements	6-8



Grant Thornton

## Independent auditor's report

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

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

To the 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, 2013, 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, 2013, 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.

*Grant Thornton LLP*

Port Colborne, Canada  
June 6, 2014

Chartered Accountants  
Licensed Public Accountants

---

**Thorold Business Improvement Area  
Statement of Financial Position**

As at December 31	2013	2012
<b>Assets</b>		
Due from City of Thorold	<u>\$ 2,933</u>	<u>\$ 871</u>
<b>Net financial assets</b>	2,933	871
<b>Non-financial assets</b>		
Tangible capital assets (Note 3)	<u>14,847</u>	<u>20,482</u>
<b>Accumulated surplus (Note 4)</b>	<u>\$ 17,780</u>	<u>\$ 21,353</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, 2013

---

	Budget <u>2013</u> (Note 5)	<b><u>2013</u></b>	<u>2012</u>
<b>Revenues</b>			
Requisition from City of Thorold			
Tax levy	\$ 36,000	\$ 36,000	\$ 36,539
Other revenue	-	460	175
Special event	-	-	19,559
Supplementals	-	-	699
	<u>36,000</u>	<b><u>36,460</u></b>	<u>56,972</u>
<b>Expenses</b>			
Administration	12,000	13,491	16,760
Advertising and promotion	2,500	4,989	7,960
Amortization	5,635	5,635	5,635
Maintenance	21,500	15,918	10,885
Special event	-	-	18,157
	<u>41,635</u>	<b><u>40,033</u></b>	<u>59,397</u>
<b>Annual deficit</b>	(5,635)	<b>(3,573)</b>	(2,425)
<b>Accumulated surplus</b>			
Beginning of year	<u>21,353</u>	<b><u>21,353</u></b>	<u>23,778</u>
End of year	<b><u>\$ 15,718</u></b>	<b><u>\$ 17,780</u></b>	<b><u>\$ 21,353</u></b>

---

See accompanying notes to the financial statements.

---

## Thorold Business Improvement Area Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2013

---

	Budget 2013	2013	2012
Annual deficit	\$ (5,635)	\$ (3,573)	\$ (2,425)
Amortization of tangible capital assets	<u>5,635</u>	<u>5,635</u>	<u>5,635</u>
<b>Increase in net financial assets</b>	-	<b>2,062</b>	3,210
<b>Net financial assets</b>			
Beginning of year	<u>871</u>	<u>871</u>	<u>2,339</u>
End of year	<u>\$ 871</u>	<u>\$ 2,933</u>	<u>\$ 871</u>

---

See accompanying notes to the financial statements.

---

# Thorold Business Improvement Area

## Notes to the Financial Statements

For the year ended December 31, 2013

---

### 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

The financial statements of the BIA are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the BIA 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

#### 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.

# Thorold Business Improvement Area Notes to the Financial Statements

For the year ended December 31, 2013

<b>3. Tangible capital assets</b>	<u>2013</u>	<u>2012</u>
<b>Decorations</b>		
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	7,694	2,059
Add amortization during the year	<u>5,635</u>	<u>5,635</u>
Accumulated amortization, end of year	<u>13,329</u>	<u>7,694</u>
Net book value	<u>\$ 14,847</u>	<u>\$ 20,482</u>

<b>4. Accumulated surplus</b>	<u>2013</u>	<u>2012</u>
Operating surplus	\$ 2,933	\$ 871
Investment in tangible capital assets	<u>14,847</u>	<u>20,482</u>
	<u>\$ 17,780</u>	<u>\$ 21,353</u>

## 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>2013</u>
Approved budgeted annual surplus (deficit)	\$ -
Less: amortization of tangible capital assets	<u>(5,635)</u>
Budgeted annual deficit reported on the statement of operations	<u>\$ (5,635)</u>

---

# **Thorold Business Improvement Area**

## **Notes to the Financial Statements**

For the year ended December 31, 2013

---

### **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.

---

### **7. Financial instruments**

The BIA's financial instruments consist of receivables, payables and accruals and due to/from City of Thorold. It is management's opinion that the BIA is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values.