



**Grant Thornton**

Financial Report

Corporation of the City of Thorold

2008

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## Auditors' report

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

We have audited the consolidated statement of financial position of the Corporation of the City of Thorold as at December 31, 2008 and the consolidated statements of financial activities, changes in financial position, operating and capital fund activities and reserves and reserve funds for the year then ended. These consolidated financial statements are the responsibility of the City's management. 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 plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.



Port Colborne, Ontario  
May 13, 2009

Grant Thornton LLP  
Chartered Accountants  
Licensed Public Accountants

# Corporation of the City of Thorold

## Consolidated Statement of Financial Position

As at December 31

2008

2007

### Assets

#### Financial assets

Cash (Note 3)	\$ 19,364,043	\$ 13,740,921
Investments (Note 4)	11,462,113	13,175,680
Taxes receivable (Note 5)		
Current year	820,873	627,393
Prior years	1,130,789	998,639
User charges receivable	1,225,521	1,325,622
Other receivables (Note 6)	<u>626,493</u>	<u>401,131</u>
	<u>34,629,832</u>	<u>30,269,386</u>

### Liabilities

Accounts payable and accrued liabilities	3,154,190	2,731,073
Deferred revenue – obligatory reserve funds (Note 7)	554,960	426,732
Deferred revenue – other	5,153	35,505
Post-employment benefits (Note 8)	1,822,313	1,687,400
Landfill liability (Note 9)	2,470,124	3,260,203
Net long term liabilities (Note 10)	<u>1,935,301</u>	<u>2,267,395</u>
	<u>9,942,041</u>	<u>10,408,308</u>
Net financial assets	24,687,791	19,861,078

#### Physical assets

Inventory and prepaid expenses	<u>96,710</u>	<u>97,564</u>
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### Total net assets

\$ 24,784,501      \$ 19,958,642

### Municipal position

#### Fund balances, end of year

Operating fund (Note 11(a))	\$ 12,701	\$ 8,498
Capital fund (Note 11(b))	1,181,570	(1,733,634)
Reserves and reserve funds (Note 11(c))	<u>29,817,968</u>	<u>28,898,776</u>
	31,012,239	27,173,640

Amounts to be recovered (Note 12)      (6,227,738)      (7,214,998)

### Total municipal position

\$ 24,784,501      \$ 19,958,642

Commitments and contingencies (Notes 20 and 21)

Approved by

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

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

See accompanying notes to the consolidated financial statements

# Corporation of the City of Thorold

## Consolidated Statement of Financial Activities

For the Year Ended December 31, 2008

	Budget <u>2008</u> (Unaudited)	Actual <u>2008</u>	Actual <u>2007</u>
<b>Revenue</b>			
Taxation (Note 13)	\$ 9,959,394	\$ 10,015,511	\$ 9,418,100
User fees and charges (Note 15)	6,321,780	6,718,379	6,778,461
Grants (Note 16)	685,684	6,337,730	1,014,059
Other (Note 17)	<u>896,235</u>	<u>2,903,276</u>	<u>1,899,733</u>
	<u>17,863,093</u>	<u>25,974,896</u>	<u>19,110,353</u>
<b>Expenditures</b>			
<b>Current</b>			
General government	860,827	787,419	783,571
Protection to persons and property	2,774,126	2,924,726	2,657,829
Transportation services	2,398,396	2,613,712	2,450,860
Environmental services	5,510,490	4,500,212	5,746,732
Health services	634,929	630,249	622,492
Social and family services	48,142	49,328	43,092
Recreation and culture services	2,020,917	2,291,479	2,146,086
Planning and development	<u>649,736</u>	<u>691,830</u>	<u>563,275</u>
	<u>14,897,563</u>	<u>14,488,955</u>	<u>15,013,937</u>
<b>Capital</b>			
General government		139,050	124,365
Protection to persons and property		295,076	125,101
Transportation services		1,573,764	926,305
Environmental services		3,891,885	1,009,789
Health services		28,103	134,352
Social and family services		16,827	5,144
Recreation and culture services		589,601	316,607
Planning and development		<u>124,922</u>	<u>54,080</u>
		<u>6,659,228</u>	<u>2,695,743</u>
	<u>14,897,563</u>	<u>21,148,183</u>	<u>17,709,680</u>
<b>Net revenue</b>	<u>2,965,530</u>	<u>4,826,713</u>	<u>1,400,673</u>

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**Corporation of the City of Thorold**  
**Consolidated Statement of Financial Activities**

For the Year Ended December 31, 2008

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	Budget <u>2008</u> (Unaudited)	<b>Actual <u>2008</u></b>	Actual <u>2007</u>
Amounts to be recovered			
Landfill liability		<b>(790,079)</b>	488,689
Debt principal repayments	(332,000)	<b>(332,094)</b>	(482,302)
Post-employment benefits	<u>                    </u>	<b><u>134,913</u></b>	<u>108,214</u>
Increase (decrease) in amounts to be recovered	(332,000)	<b>(987,260)</b>	114,601
Decrease in physical assets	<u>                    </u>	<b><u>(854)</u></b>	<u>(81,164)</u>
	<u>(332,000)</u>	<b><u>(988,114)</u></b>	<u>33,437</u>
<b>Change in fund balances</b>	<b><u>\$ 2,633,530</u></b>	<b><u>\$ 3,838,599</u></b>	<b><u>\$ 1,434,110</u></b>

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See accompanying notes to the consolidated financial statements.

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# Corporation of the City of Thorold

## Consolidated Statement of Changes in Financial Position

For the Year Ended December 31

2008

2007

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

<b>Operating activities</b>		
Net revenue	\$ 4,826,713	\$ 1,400,673
Decrease (increase) in taxes receivable	(325,630)	170,545
Decrease in user charges receivable	100,101	2,210,059
Decrease (increase) in other receivables	(225,362)	3,260
Increase (decrease) in accounts payable and accrued liabilities	423,117	(492,201)
Increase (decrease) in deferred revenue – obligatory	128,228	(266,728)
Decrease in deferred revenue – other	(30,352)	(1,649)
Increase in employee benefit obligations	134,913	108,215
Increase (decrease) in landfill liability	<u>(790,079)</u>	<u>488,689</u>
	<u>4,241,649</u>	<u>3,620,863</u>
<b>Investing activities</b>		
Investments	<u>1,713,567</u>	<u>(1,272,562)</u>
<b>Financing activities</b>		
Long term debt repaid	<u>(332,094)</u>	<u>(482,302)</u>
<b>Net increase in cash and cash equivalents</b>	<b>5,623,122</b>	<b>1,865,999</b>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>13,740,921</u>	<u>11,874,922</u>
<b>End of year</b>	<b><u>\$ 19,364,043</u></b>	<b><u>\$ 13,740,921</u></b>

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See accompanying notes to the consolidated financial statements.

# Corporation of the City of Thorold

## Consolidated Statement of Operating Fund Activities

For the Year Ended December 31, 2008

	Budget <u>2008</u> (Unaudited)	Actual <u>2008</u>	Actual <u>2007</u>
<b>Revenue</b>			
Taxation (Note 13)	\$ 9,959,394	\$ <b>10,015,511</b>	\$ 9,418,100
User fees and charges (Note 15)	6,321,780	<b>6,155,624</b>	6,089,680
Grants (Note 16)	685,684	<b>884,136</b>	952,116
Other (Note 17)	<u>896,235</u>	<u><b>1,136,396</b></u>	<u>1,013,526</u>
	<u>17,863,093</u>	<u><b>18,191,667</b></u>	<u>17,473,422</u>
<b>Expenditures</b>			
General government	860,827	<b>787,419</b>	783,571
Protection to persons and property	2,774,126	<b>2,924,726</b>	2,657,829
Transportation services	2,398,396	<b>2,613,712</b>	2,450,860
Environmental services	5,510,490	<b>4,500,212</b>	5,746,732
Health services	634,929	<b>630,249</b>	622,492
Social and family services	48,142	<b>49,328</b>	43,092
Recreation and cultural services	2,020,917	<b>2,291,479</b>	2,146,086
Planning and development	<u>649,736</u>	<u><b>691,830</b></u>	<u>563,275</u>
	<u>14,897,563</u>	<u><b>14,488,955</b></u>	<u>15,013,937</u>
<b>Net revenue</b>	<u>2,965,530</u>	<u><b>3,702,712</b></u>	<u>2,459,485</u>
<b>Financing and transfers</b>			
Landfill liability		<b>(790,079)</b>	488,689
Debt principal repayments	(332,000)	<b>(332,094)</b>	(482,302)
Post-employment benefits		<b>134,913</b>	108,214
Decrease in physical assets		<b>(854)</b>	(81,164)
Transfers to capital fund	(1,064,475)	<b>(938,837)</b>	(1,478,087)
Transfers to reserves and reserve funds	<u>(1,569,055)</u>	<u><b>(1,771,558)</b></u>	<u>(1,007,066)</u>
<b>Net financing and transfers</b>	<u>(2,965,530)</u>	<u><b>(3,698,509)</b></u>	<u>(2,451,716)</u>
<b>Change in operating fund</b>	Nil	<b>4,203</b>	7,769
<b>Operating fund</b>			
Beginning of year	<u>8,498</u>	<u><b>8,498</b></u>	<u>729</u>
<b>End of year</b>	<u>\$ 8,498</u>	<u><b>\$ 12,701</b></u>	<u>\$ 8,498</u>

See accompanying notes to the consolidated financial statements.

# Corporation of the City of Thorold

## Consolidated Statement of Capital Fund Activities

For the Year Ended December 31 2008 2007

	2008	2007
<b>Revenue</b>		
User fees and charges (Note 15)	\$ 562,755	\$ 688,781
Grants (Note 16)	5,453,594	61,943
Other (Note 17)	<u>998,024</u>	<u>46,842</u>
	<u>7,014,373</u>	<u>797,566</u>
<b>Expenditures</b>		
General government	139,050	124,365
Protection to persons and property	295,076	125,101
Transportation services	1,573,764	926,305
Environmental services	3,891,885	1,009,789
Health services	28,103	134,352
Social and family services	16,827	5,144
Recreation and culture services	589,601	316,607
Planning and development	<u>124,922</u>	<u>54,080</u>
	<u>6,659,228</u>	<u>2,695,743</u>
<b>Net revenue (expenditures)</b>	<u>355,145</u>	<u>(1,898,177)</u>
<b>Financing and transfers</b>		
Transfers from operating fund	938,837	1,478,087
Transfers from reserves and reserve funds	<u>1,621,222</u>	<u>979,911</u>
<b>Net financing and transfers</b>	<u>2,560,059</u>	<u>2,457,998</u>
<b>Change in capital fund</b>	2,915,204	559,821
<b>Capital fund</b>		
Beginning of year	<u>(1,733,634)</u>	<u>(2,293,455)</u>
<b>End of year</b>	<u>\$ 1,181,570</u>	<u>\$ (1,733,634)</u>

See accompanying notes to the consolidated financial statements.

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**Corporation of the City of Thorold**  
**Consolidated Statement of Reserves and Reserve Funds**

For the Year Ended December 31

2008

2007

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**Revenue**

Other (Note 17)

\$ 768,856

\$ 839,365

**Transfers**

Transfers from operating fund

1,771,558

1,007,066

Transfers to capital fund

(1,621,222)

(979,911)

**Total net transfers**

150,336

27,155

**Change in reserves and reserve funds**

919,192

866,520

**Reserves and reserve funds**

Beginning of year

28,898,776

28,032,256

**End of year**

\$ 29,817,968

\$ 28,898,776

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See accompanying notes to the consolidated financial statements.

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

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### 1. Significant accounting policies

The consolidated financial statements of the City of Thorold are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipality are as follows:

#### (a) Reporting entity

- (i) The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances and in financial position 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

All inter-fund assets and liabilities and sources of financing and expenditures have been eliminated.

- (ii) Trust funds

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the Trust Funds Statement of Financial Activities and Changes in Fund Balances.

#### (b) Basis of accounting

- (i) Revenues and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

- (ii) Investments

Investments are carried at cost.

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

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### 1. Significant accounting policies (continued)

#### (iii) Inventory

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

#### (iv) Tangible capital assets

The historical cost and accumulated depreciation for tangible capital assets are not reported for municipal purposes. Tangible capital assets are reported as an expenditure on the Consolidated Statement of Financial Activities in the year of acquisition.

#### (v) Government transfers

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

#### (vi) Deferred revenue – obligatory reserve funds

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

#### (vii) Investment income

Investment income earned on current surplus funds, capital funds, 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.

#### (viii) Use of estimates

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

#### (ix) Fund accounting

Funds within the consolidated financial statements consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

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### 1. Significant accounting policies (continued)

**(x)** Region and school board transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the Region of Niagara are not reflected in the municipal fund balances of these financial statements.

**(xi)** Reserves for future expenditures

Certain amounts, as approved by Municipal Council, are set aside in reserves and reserve funds for future operating and capital expenditures. Transfers to and from reserves and reserve funds are reflected as an adjustment to the respective fund.

**(xii)** 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.

**(xiii)** Local improvements

The Municipality records capital expenditures funded by local improvement agreements as they are incurred. Revenues are recognized over the term of the local improvement agreements as they are collected.

**(xiv)** 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).

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

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### 2. Tangible capital assets

#### Transitional provisions

Effective January 1, 2008, the City adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2008, the City continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008, Council has approved and adopted a Tangible Capital Asset Policy. All non-infrastructure asset inventories and valuations are complete but have yet to be verified. Inventory is complete for the majority of infrastructure assets and valuation has begun. Completion is expected by December 31, 2009.

#### Determination of costs

Tangible capital assets are to be initially recorded at cost. Cost will include all directly attributable expenditures 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. Donated assets are to be capitalized at their estimated fair value upon acquisition. Works of art for display in municipal property are not included as capital assets.

On transition to PS-3150, certain capital assets for which historical cost information is not available, will be recorded at current fair market value discounted by a relevant inflation factor.

#### 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 expected to be presented in the financial statements for the year ended December 31, 2009 and will be calculated on a straight-line basis over the assets' estimated useful lives.

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### 3. Cash and temporary investments

2008

2007

Cash and temporary investments are comprised of:

Cash on hand and in banks	\$ 17,382,163	\$ 11,757,201
Temporary investments	<u>1,981,880</u>	<u>1,983,720</u>
	<u>\$ 19,364,043</u>	<u>\$ 13,740,921</u>

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

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### 4. Investments

Investments reported on the Consolidated Statement of Financial Position have a market value of \$ 11,815,903 (2007 - \$ 13,258,598).

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### 5. Taxes receivable and revenues

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation (MPAC). The property tax receivables and tax revenue of the Municipality are subject to measurement uncertainty as a number of appeals submitted by ratepayers have yet to be heard. The Municipality has established an allowance for doubtful accounts in the amount of \$ 479,546 (2007 - \$ 451,295).

The Province of Ontario instituted a mandatory capping program through the provisions of Bill 140 which limits assessment related increases in property tax bills.

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### 6. Interfund receivables

As a means of financing certain activities, funds are borrowed by the operating fund from several reserve funds. Both financing and repayments are reflected as interfund transfers and therefore are eliminated from the Consolidated Statement of Financial Activities. Likewise interfund receivable and payable balances are not reflected on the Consolidated Statement of Financial Position. The interfund receivable and payable balance as at December 31, 2008 was \$ 1,437,340 (2007 - \$ 877,310).

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

### 7. 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>2008</u>	<u>2007</u>
Park land	\$ 163,531	\$ 152,813
Tree planting	38,758	37,619
Gas tax	352,671	236,300
Development charges	<u>-</u>	<u>-</u>
	<u>\$ 554,960</u>	<u>\$ 426,732</u>

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

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	<u>\$ 426,732</u>	<u>\$ 693,460</u>
Contributions from		
Development Charges Act and recreational land (the Planning Act)	89,721	246,018
Interest earned	159	25,919
Gas tax grants		
Federal	293,218	234,590
Provincial	107,928	253,333
Other revenue	<u>92,929</u>	<u>-</u>
Total revenue	<u>583,955</u>	<u>759,860</u>
Transfers to operating fund	(28,055)	(314,304)
Transfers to capital fund	<u>(427,672)</u>	<u>(712,284)</u>
	<u>(455,727)</u>	<u>(1,026,588)</u>
Balance, end of year	<u>\$ 554,960</u>	<u>\$ 426,732</u>

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

<b>8. Post-employment benefits</b>	<u>2008</u>	<u>2007</u>
Accrued vacation pay	\$ 317,186	\$ 319,863
Accumulated sick leave	664,207	596,361
Post-employment benefits	<u>840,920</u>	<u>771,176</u>
	<u>\$ 1,822,313</u>	<u>\$ 1,687,400</u>

### Accrued vacation pay

As at December 31, 2008, employees of the Municipality have accumulated vacation pay credits in the amount of \$ 317,186 (2007 - \$ 319,863). 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, 2008 of \$ 1,505,127 (2007 - \$ 1,367,537) 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, 2008 is \$ 687,811 (2007 - \$ 635,100).

	<u>2008</u>	<u>2007</u>
Accrued benefit obligation:		
Beginning of year	\$ 1,477,802	\$ 1,382,578
Actuarial adjustment	159,717	
Benefit expense	74,221	28,605
Interest accrued	90,374	76,672
Benefits paid	<u>(57,537)</u>	<u>(10,053)</u>
End of year	<u>\$ 1,744,577</u>	<u>\$ 1,477,802</u>
Funded status:		
Employment benefit plan liabilities	\$ 1,744,577	\$ 1,477,802
Unamortized net actuarial loss	<u>(239,450)</u>	<u>(110,265)</u>
Employee benefit plan liability	<u>\$ 1,505,127</u>	<u>\$ 1,367,537</u>
The accrued benefit obligation consists of the following:		
Accumulated sick leave	\$ 664,207	\$ 596,360
Other post-employment	<u>840,920</u>	<u>771,177</u>
	<u>\$ 1,505,127</u>	<u>\$ 1,367,537</u>

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

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

The most recent actuarial valuation was performed as at December 31, 2008. 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 2% in 2008 and thereafter.

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 year.

Medical costs – medical costs were assumed to increase to 7.667% per year for 2008 and 2009, reducing to 4% per year over eleven years thereafter.

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### 9. 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 2008 budget and inflation adjusted at 2.2% per annum. These costs were then discounted to December 31, 2008 using a discount rate of 4.93%. Post-closure care is estimated to be required for an indefinite period.

The liability for post-closure care as at December 31, 2008 is \$ 2,470,124 (2007 - \$ 3,260,203). Additional expenditures for post-closure care recorded in 2008 were in the amount of \$ Nil (2007 - \$ 732,551). Expenditures for post-closure care in 2008 were reduced in the amount of \$ 636,913 (2007 - \$ Nil).

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

<b>10. Long term debt</b>	<u>2008</u>	<u>2007</u>
<b>(a)</b> Total long term liabilities incurred or assumed by the Municipality and outstanding at the end of the year amount to	\$ 61,931	\$ 73,739
In addition, the Municipality has assumed responsibility for the payment of principal and interest charges on certain long term liabilities issued by other municipalities. At the end of the year the outstanding principal amount of this liability is	<u>1,873,370</u>	<u>2,193,656</u>
Net long term liabilities, end of year	<u>\$ 1,935,301</u>	<u>\$ 2,267,395</u>

**(b)** The long term liabilities in (a) are at interest rates ranging from 4.72% to 5.35%.

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

2009	\$ 349,002
2010	74,036
2011	533,203
2012	59,513
2013	50,606

**(d)** The long term liabilities 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 these liabilities 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 liabilities, which are reported on the Consolidated Statement of Financial Activities are as follows:

	<u>2008</u>	<u>2007</u>
Principal	\$ 332,094	\$ 482,302
Interest	<u>107,756</u>	<u>133,389</u>
	<u>\$ 439,850</u>	<u>\$ 615,691</u>

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## Corporation of the City of Thorold

### Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

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11. Municipal fund balances at the end of the year	<u>2008</u>	<u>2007</u>
<b>(a) Operating fund balance</b>		
For general reduction of taxation	\$ 13,229	\$ 8,949
For benefiting landowners, related to special charges and special rates:		
Business Improvement Area	<u>(528)</u>	<u>(451)</u>
	<u>\$ 12,701</u>	<u>\$ 8,498</u>
<b>(b) Capital fund balance</b>		
Acquisition of capital assets to be financed from taxation and user charges	\$ (366,473)	\$ (230,698)
Acquisition of capital assets to be financed from proceeds of long term debt	(865,343)	(889,068)
Acquisition of capital assets to be recovered from proceeds of reserves and reserve funds	(210,255)	(372,375)
Acquisition of capital assets to be recovered from mausoleum crypt sales	(235,800)	(365,632)
Funds available for the acquisition of capital assets	<u>2,859,441</u>	<u>124,139</u>
	<u>\$ 1,181,570</u>	<u>\$ (1,733,634)</u>

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

### 11. Municipal fund balances at the end of the year (continued)

(c) Reserves and reserve funds balances	<u>2008</u>	<u>2007</u>
Reserves set aside by Council for specific purposes:		
Municipal development	\$ 366,177	\$ 373,136
Working funds	510,000	510,000
Equipment replacement	960,043	898,842
Accumulated sick leave	687,811	635,100
Computer	53,871	41,981
Election	53,768	40,229
Grant stabilization	854,680	
Sewage capital	4,861,244	5,397,702
Water capital	1,736,188	1,222,625
Insurance deductible	208,509	166,216
Swimming pool	94,000	74,000
Contingencies		39,309
Industrial development	746,496	1,084,828
Pay equity	163,532	159,931
Encumbrances	322,075	406,536
Winter control		75,000
	<u>11,618,394</u>	<u>11,125,435</u>
Reserve funds set aside by Council for specific purposes:		
Hospital expansion	300,627	
Transit	138,333	
Arena building	230,401	258,755
Library expansion	27,285	26,535
Hydro proceeds	17,144,872	17,168,886
Mausoleum and cemetery improvements	151,760	154,418
Municipal land and building	147,308	131,701
Port Robinson transportation	26,080	7,815
Thorold pre-recreation	30,748	23,134
Thorold South Community Centre building	2,160	2,097
	<u>18,199,574</u>	<u>17,773,341</u>
Total reserve funds	<u>\$ 29,817,968</u>	<u>\$ 28,898,776</u>

- (d) The operating fund surplus (deficit) to the Municipality available for the general reduction of taxation or user charges in 2008 has been reduced (increased) by an amount of \$ (104,080) (2007 - \$ 68,399); transferred to (from) the reserve for industrial development as authorized by Council. Had this transfer not been made the surplus (deficit) would have been \$ (91,380) (2007 - \$ 76,897).

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

<b>12. Amounts to be recovered</b>	<u>2008</u>	<u>2007</u>
Post-employment benefits	\$ 1,822,313	\$ 1,687,400
Landfill liability	2,470,124	3,260,203
Net long term liabilities	<u>1,935,301</u>	<u>2,267,395</u>
	<u>\$ 6,227,738</u>	<u>\$ 7,214,998</u>

<b>13. Taxation</b>	Budget <u>2008</u> (Unaudited)	Actual <u>2008</u>	Actual <u>2007</u>
Real property		\$ 28,326,364	\$ 27,622,520
From other governments			
Payments in lieu of taxes		<u>1,130,028</u>	<u>1,133,013</u>
		<u>29,456,392</u>	<u>28,755,533</u>
Less: taxation collected on behalf of (Note 14)			
Region of Niagara		12,453,152	12,354,008
School boards		<u>6,987,729</u>	<u>6,983,425</u>
		<u>19,440,881</u>	<u>19,337,433</u>
Net taxes available for municipal purposes		<u>\$ 10,015,511</u>	<u>\$ 9,418,100</u>
Residential, multi-residential and farm	\$ 7,011,360	\$ 7,009,458	\$ 6,520,562
Commercial and industrial	<u>2,948,034</u>	<u>3,006,053</u>	<u>2,897,538</u>
Net taxes available for municipal purposes	<u>\$ 9,959,394</u>	<u>\$ 10,015,511</u>	<u>\$ 9,418,100</u>

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

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

	<u>2008</u>	<u>2007</u>
Region of Niagara (Note 13)	\$ 12,453,152	\$ 12,354,008
School boards	<u>6,987,729</u>	<u>6,983,425</u>
	<u>\$ 19,440,881</u>	<u>\$ 19,337,433</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, 2008

15. User fees and charges	Budget 2008 (Unaudited)	Actual 2008	Actual 2007
<b>Operating fund</b>			
Fees and service charges	\$ 802,075	\$ 978,100	\$ 941,697
Water charges	2,729,328	2,555,482	2,543,581
Sewer charges	2,598,027	2,455,293	2,403,284
Licences and permits	192,350	141,749	201,118
Development charges	<u>                    </u>	<u>25,000</u>	<u>                    </u>
	<u>6,321,780</u>	<u>6,155,624</u>	<u>6,089,680</u>
<b>Capital fund</b>			
Development charges		<u>562,755</u>	<u>688,781</u>
	<u>\$ 6,321,780</u>	<u>\$ 6,718,379</u>	<u>\$ 6,778,461</u>
<hr/>			
16. Grants	Budget 2008 (Unaudited)	Actual 2008	Actual 2007
<b>Operating fund</b>			
Province of Ontario	\$ 563,684	\$ 743,164	\$ 625,710
Government of Canada	92,000	91,462	296,612
Municipal	<u>30,000</u>	<u>49,510</u>	<u>29,794</u>
	<u>685,684</u>	<u>884,136</u>	<u>952,116</u>
<b>Capital fund</b>			
Province of Ontario		5,151,049	19,648
Government of Canada		293,218	32,295
Municipal		<u>9,327</u>	<u>10,000</u>
		<u>5,453,594</u>	<u>61,943</u>
	<u>\$ 685,684</u>	<u>\$ 6,337,730</u>	<u>\$ 1,014,059</u>

# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

17. Other revenue	Budget <u>2008</u> (Unaudited)	Actual <u>2008</u>	Actual <u>2007</u>
<b>Operating fund</b>			
Penalties and interest on taxes	\$ 395,250	\$ 419,414	\$ 414,125
Fines	32,000	64,720	31,049
Interest income	425,000	510,559	507,207
Rental income	7,985	8,169	8,709
Donations		31,667	10,350
Transfer from cemetery and mausoleum care and maintenance trust funds	36,000	35,770	41,072
Other	<u>                    </u>	<u>66,097</u>	<u>1,014</u>
	<u>896,235</u>	<u>1,136,396</u>	<u>1,013,526</u>
<b>Capital fund</b>			
Donations		23,090	46,842
Other		<u>974,934</u>	<u>                    </u>
		<u>998,024</u>	<u>46,842</u>
<b>Reserves and reserve funds</b>			
Investment income		752,010	839,365
Sale of assets		<u>16,846</u>	<u>                    </u>
		<u>768,856</u>	<u>839,365</u>
	<u>\$ 896,235</u>	<u>\$ 2,903,276</u>	<u>\$ 1,899,733</u>

### 18. 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 6.5% to 9.6% depending on the proposed retirement age and the level of earnings. As a result \$ 377,840 (2007 - \$ 362,527) was contributed to OMERS for current service, of which \$ 188,920 (2007 - \$ 181,264) represents the employees' portion.

Under the past service provisions of OMERS, the Municipality is obligated as at December 31, 2008 for the amount of \$ 61,931 (2007 - \$ 73,739) and is currently reflected as part of net long term liabilities on the Consolidated Statement of Financial Position.

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

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### 19. Trust funds

Trust funds administered by the Municipality amounting to \$ 981,262 (2007 - \$ 923,462) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

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### 20. Contractual obligations and commitments

#### Capital expenditures

The estimated future capital expenditure commitments based on projects in progress at December 31, 2008 is approximately \$ 6,311,251 (2007 - \$ 4,279,100) after deducting the expenditure incurred as at December 31, 2008. 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 \$ 428,523 per year. The contract expires on June 30, 2009 and is to be reviewed annually. The remaining commitment at December 31, 2008 was \$ 214,261 (2007 - \$ 167,500).

#### 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:

2009	\$ 5,176
2010	5,176
2011	5,176
2012	550
2013	300

#### Hospital

The Municipality has a commitment to the Niagara Health System for funding of a new hospital in the amount of \$ 4.3 million to be funded from taxes over a term not to exceed thirty years. A levy of \$ 296,000 commenced in 2008. A payment schedule to Niagara Health System is to be negotiated in 2009.

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

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### 21. Contingencies

The City is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the City 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.

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### 22. Contributions to unconsolidated joint boards

Further to Note 1 (a)(ii), the following contributions were made by the Municipality to:

	<u>2008</u>	<u>2007</u>
Niagara District Airport Commission	<u>\$ Nil</u>	<u>\$ 20,511</u>

The Municipality ceased participation in the airport in 2007.

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

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### 23. Government transfers

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

	<u>2008</u>	<u>2007</u>
Revenue		
Ontario grants		
Ontario Municipal Partnership Fund	\$ 387,000	\$ 387,000
Municipal Infrastructure Investment Initiative	3,400,000	
Investing in Ontario	874,548	
Municipal Road and Bridge Investment Initiative	366,265	
Ontario Infrastructure Program	472,031	
Recreation and cultural	102,333	82,053
Transit	280,398	172,425
Miscellaneous	<u>11,638</u>	<u>3,880</u>
	<u>5,894,213</u>	<u>645,358</u>
Federal grants		
Transit	70,000	70,000
Cemeteries	21,462	22,462
Gas tax	<u>293,218</u>	<u>236,445</u>
	<u>384,680</u>	<u>328,907</u>
	<u>\$ 6,278,893</u>	<u>\$ 974,265</u>
Expenditures		
Charitable and non-profit organizations	\$ 70,880	\$ 66,144
Airport		20,511
Physician recruitment	<u>10,000</u>	<u>10,000</u>
	<u>\$ 80,880</u>	<u>\$ 96,655</u>

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### 24. Budget figures

The approved operating budget for 2008 is reflected on the Consolidated Statement of Operating Fund Activities. Those numbers have not been audited but are presented for information purposes. The budgets established for capital funds, reserves and reserve funds are on a project-oriented basis, the costs of which may be carried out over one or more years. As such, it is not practical to present annualized budget information for these activities.

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

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### 25. Segmented information

The City of Thorold provides a wide range of services to its citizens. For reporting purposes the City's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

City services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

#### **General government**

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

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

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

#### **Transportation services**

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

#### **Environmental services**

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

#### **Health services**

Health service department is responsible for cemetery operations.

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

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

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

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

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# Corporation of the City of Thorold

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2008

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### 25. Segmented information (continued)

#### Planning and development

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

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

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

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

For the year ended December 31, 2008

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture Services	Planning and Development	Eliminations	Consolidated
<b>Revenues</b>										
Taxation	\$ 2,480,694	\$ 3,132,035	\$ 1,084,867	\$ 71,211	\$ 363,534	\$ 66,155	\$ 2,150,262	\$ 666,753		\$ 10,015,511
User charges	195,273	38,257	43,301	5,557,767	228,551		514,954	140,276		6,718,379
Grants	1,267,182	49,510	3,043,385	1,874,884	21,461		71,981	9,327		6,337,730
Other	1,810,033		15,923	888,235	44,806		143,883	396		2,903,276
	5,753,182	3,219,802	4,187,476	8,392,097	658,352	66,155	2,881,080	816,752		25,974,896
<b>Expenses</b>										
Salaries and benefits	1,167,483	2,274,315	1,382,068	518,228	431,208	29,063	1,362,207	372,472		7,537,044
Operating materials and supplies	42,728	31,660	267,278	66,542	39,868	106	195,891	54,041		698,114
Contracted services (recoveries)	(538,411)	486,658	760,158	3,810,698	118,988	20,159	569,273	240,488		5,468,011
Rent and financial expenses	27,631	132,093	204,208	84,976	30,185		89,212	666		568,971
External transfers to others					10,000		74,896	24,163		109,059
Tangible capital assets	139,050	295,076	1,573,764	3,891,885	28,103	16,827	589,601	124,922		6,659,228
Debt service	87,988			19,768						107,756
	926,469	3,219,802	4,187,476	8,392,097	658,352	66,155	2,881,080	816,752		21,148,183
<b>Net surplus</b>	\$ 4,826,713	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ 4,826,713

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

For the year ended December 31, 2007

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture Services	Planning and Development	Eliminations	Consolidated
<b>Revenues</b>										
Taxation	\$ (388,667)	\$ 2,712,392	\$ 2,801,555	\$ 1,502,710	\$ 555,170	\$ 48,236	\$ 1,737,678	\$ 449,026		\$ 9,418,100
User charges	557,469	40,744	69,447	5,253,811	129,204		560,282	167,315		6,778,272
Grants	389,487	29,794	480,263		22,462		92,053			1,014,059
Other	1,750,320		25,900		50,008		72,680	1,014		1,899,922
	2,308,609	2,782,930	3,377,165	6,756,521	756,844	48,236	2,462,693	617,355		19,110,353
<b>Expenses</b>										
Salaries and benefits	1,082,702	2,097,484	1,350,494	507,847	445,496	25,745	1,291,996	341,721		7,143,485
Operating materials and supplies	30,425	34,054	211,314	81,723	36,469	174	204,488	54,506		653,153
Contracted services (recoveries)	(458,587)	450,622	651,784	5,040,618	105,428	17,173	515,733	166,029		6,488,800
Rent and financial expenses	27,618	75,669	237,268	84,569	25,099		67,725	1,019		518,967
External transfers to others					10,000		66,144			76,144
Tangible capital assets	124,365	125,101	926,305	1,009,789	134,352	5,144	316,607	54,080		2,695,743
Debt service	101,413			31,975						133,388
	907,936	2,782,930	3,377,165	6,756,521	756,844	48,236	2,462,693	617,355		17,709,680
<b>Net surplus</b>	\$ 1,400,673	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ 1,400,673

# Corporation of the City of Thorold

## Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2008

	Budget 2008 (Unaudited)	Actual 2008	Actual 2007
<b>General government</b>			
<b>Revenue</b>			
Taxation	\$ 2,351,832	\$ 2,480,694	\$ (388,667)
User charges	227,300	195,273	557,469
Grants	387,000	1,267,182	389,487
Other	<u>860,235</u>	<u>1,810,033</u>	<u>1,750,320</u>
	<u>3,826,367</u>	<u>5,753,182</u>	<u>2,308,609</u>
<b>Expenditures</b>			
Salaries and benefits	1,181,088	1,167,483	1,082,702
Operating materials and supplies	47,580	42,728	30,425
Contracted services (recoveries)	(543,631)	(538,411)	(458,587)
Rent and financial expenses	30,800	27,631	27,618
Capital expenditures		139,050	124,365
Debt service	<u>145,000</u>	<u>87,988</u>	<u>101,413</u>
	<u>860,837</u>	<u>926,469</u>	<u>907,936</u>
<b>Net revenues</b>	<u>\$ 2,965,530</u>	<u>\$ 4,826,713</u>	<u>\$ 1,400,673</u>
<b>Protection to persons and property</b>			
<b>Revenue</b>			
Taxation	\$ 2,728,626	\$ 3,132,035	\$ 2,712,392
User charges	15,500	38,257	40,744
Grants	<u>30,000</u>	<u>49,510</u>	<u>29,794</u>
	<u>2,774,126</u>	<u>3,219,802</u>	<u>2,782,930</u>
<b>Expenditures</b>			
Salaries and benefits	2,268,993	2,274,315	2,097,484
Operating materials and supplies	33,859	31,660	34,054
Contracted services	450,329	486,658	450,622
Rent and financial expenses	20,945	132,093	75,669
Capital expenditures		<u>295,076</u>	<u>125,101</u>
	<u>2,774,126</u>	<u>3,219,802</u>	<u>2,782,930</u>
<b>Net revenues</b>	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>

# Corporation of the City of Thorold

## Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2008

	Budget 2008 (Unaudited)	Actual 2008	Actual 2007
<b>Transportation services</b>			
<b>Revenue</b>			
Taxation	\$ 2,169,712	\$ 1,084,867	\$ 2,801,555
User charges		43,301	69,447
Grants	228,684	3,043,385	480,263
Other		15,923	25,900
	<u>2,398,396</u>	<u>4,187,476</u>	<u>3,377,165</u>
<b>Expenditures</b>			
Salaries and benefits	1,284,346	1,382,068	1,350,494
Operating materials and supplies	169,538	267,278	211,314
Contracted services	751,173	760,158	651,784
Rent and financial expenses	193,339	204,208	237,268
Capital expenditures		1,573,764	926,305
	<u>2,398,396</u>	<u>4,187,476</u>	<u>3,377,165</u>
<b>Net revenues</b>	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>
<b>Environmental services</b>			
<b>Revenue</b>			
Taxation	\$ 183,135	\$ 71,211	\$ 1,502,710
User charges	5,327,355	5,557,767	5,253,811
Grants		1,874,884	
Other		888,235	
	<u>5,510,490</u>	<u>8,392,097</u>	<u>6,756,521</u>
<b>Expenditures</b>			
Salaries and benefits	553,521	518,228	507,847
Operating materials and supplies	83,941	66,542	81,723
Contracted services	4,767,988	3,810,698	5,040,618
Rent and financial expenses	79,040	84,976	84,569
Capital expenditures		3,891,885	1,009,789
Debt service	26,000	19,768	31,975
	<u>5,510,490</u>	<u>8,392,097</u>	<u>6,756,521</u>
<b>Net revenues</b>	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>

# Corporation of the City of Thorold

## Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2008

	Budget <u>2008</u> (Unaudited)	Actual <u>2008</u>	Actual <u>2007</u>
<b>Health services</b>			
<b>Revenue</b>			
Taxation	\$ 490,029	\$ <b>363,534</b>	\$ 555,170
User charges	86,900	<b>228,551</b>	129,204
Grants	22,000	<b>21,461</b>	22,462
Other	<u>36,000</u>	<u><b>44,806</b></u>	<u>50,008</u>
	<u>634,929</u>	<u><b>658,352</b></u>	<u>756,844</u>
<b>Expenditures</b>			
Salaries and benefits	490,396	<b>431,208</b>	445,496
Operating materials and supplies	38,946	<b>39,868</b>	36,469
Contracted services	94,787	<b>118,988</b>	105,428
Rent and financial expenses	800	<b>30,185</b>	25,099
External transfers to others	10,000	<b>10,000</b>	10,000
Capital expenditures	<u>          </u>	<u><b>28,103</b></u>	<u>134,352</u>
	<u>634,929</u>	<u><b>658,352</b></u>	<u>756,844</u>
<b>Net revenues</b>	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>
<b>Social and family services</b>			
<b>Revenue</b>			
Taxation	\$ <u>48,142</u>	\$ <u><b>66,155</b></u>	\$ <u>48,236</u>
<b>Expenditures</b>			
Salaries and benefits	31,477	<b>29,063</b>	25,745
Operating materials and supplies	300	<b>106</b>	174
Contracted services	16,365	<b>20,159</b>	17,173
Capital expenditures	<u>          </u>	<u><b>16,827</b></u>	<u>5,144</u>
	<u>48,142</u>	<u><b>66,155</b></u>	<u>48,236</u>
<b>Net revenues</b>	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>

# Corporation of the City of Thorold

## Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2008

	Budget <u>2008</u> (Unaudited)	Actual <u>2008</u>	Actual <u>2007</u>
<b>Recreation and culture services</b>			
<b>Revenue</b>			
Taxation	\$ 1,521,367	\$ 2,150,262	\$ 1,737,678
User charges	481,550	514,954	560,282
Grants	18,000	71,981	92,053
Other	<u>                    </u>	<u>143,883</u>	<u>72,680</u>
	<u>2,020,917</u>	<u>2,881,080</u>	<u>2,462,693</u>
<b>Expenditures</b>			
Salaries and benefits	1,365,181	1,362,207	1,291,996
Operating materials and supplies	65,192	195,891	204,488
Contracted services	519,494	569,273	515,733
Rent and financial expenses	1,050	89,212	67,725
External transfers to others	70,000	74,896	66,144
Capital expenditures	<u>                    </u>	<u>589,601</u>	<u>316,607</u>
	<u>2,020,917</u>	<u>2,881,080</u>	<u>2,462,693</u>
<b>Net revenues</b>	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>
<b>Planning and development</b>			
<b>Revenue</b>			
Taxation	\$ 466,561	\$ 666,753	\$ 449,026
User charges	183,175	140,276	167,315
Grants		9,327	
Other	<u>                    </u>	<u>396</u>	<u>1,014</u>
	<u>649,736</u>	<u>816,752</u>	<u>617,355</u>
<b>Expenditures</b>			
Salaries and benefits	393,587	372,472	341,721
Operating materials and supplies	54,912	54,041	54,506
Contracted services	199,237	240,488	166,029
Rent and financial expenses	2,000	666	1,019
External transfers to others		24,163	
Capital expenditures	<u>                    </u>	<u>124,922</u>	<u>54,080</u>
	<u>649,736</u>	<u>816,752</u>	<u>617,355</u>
<b>Net revenues</b>	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>

## Auditors' report

**Grant Thornton LLP**  
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To the Members of Council, Inhabitants and Ratepayers of the  
**Corporation of the City of Thorold**

We have audited the statement of financial position of the trust funds of the Corporation of the City of Thorold as at December 31, 2008 and the statement of financial activities and changes in fund balances for the year then ended. These financial statements are the responsibility of the City's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the City as at December 31, 2008 and the continuity of trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.



Port Colborne, Ontario  
May 13, 2009

Grant Thornton LLP  
Chartered Accountants  
Licensed Public Accountants

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

As at December 31, 2008

	<u>Cemetery Care and Maintenance</u>	<u>Mausoleum Care and Maintenance</u>	<u>Monument and Marker Care</u>	<b><u>Total 2008</u></b>	<u>Total 2007</u>
<b>Assets</b>					
Cash	\$ 242,510	\$ 416,417	\$ 60,612	<b>\$ 719,539</b>	\$ 611,339
Due from operating fund		1,932		<b>1,932</b>	2,802
Investments (Note 2)	<u>124,901</u>	<u>124,901</u>	<u>9,989</u>	<b><u>259,791</u></b>	<u>309,321</u>
	<b><u>\$ 367,411</u></b>	<b><u>\$ 543,250</u></b>	<b><u>\$ 70,601</u></b>	<b><u>\$ 981,262</u></b>	<b><u>\$ 923,462</u></b>
<b>Fund Balances</b>	<b><u>\$ 367,411</u></b>	<b><u>\$ 543,250</u></b>	<b><u>\$ 70,601</u></b>	<b><u>\$ 981,262</u></b>	<b><u>\$ 923,462</u></b>

See accompanying notes to the financial statements

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**Corporation of the City of Thorold**  
**Trust Funds**  
**Statement of Financial Activities and Changes in Fund Balances**  
For the Year Ended December 31, 2008

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	<u>Cemetery Care and Maintenance</u>	<u>Mausoleum Care and Maintenance</u>	<u>Monument and Marker Care</u>	<b>Total 2008</b>	Total <u>2007</u>
Balance, beginning of year	\$ <u>357,911</u>	\$ <u>497,900</u>	\$ <u>67,651</u>	<b>\$ <u>923,462</u></b>	\$ <u>893,851</u>
Receipts					
Marker fees			2,950	<b>2,950</b>	3,250
Sales of crypts/niches		45,350		<b>45,350</b>	16,739
Sale of plots	9,500			<b>9,500</b>	9,622
Interest	<u>14,032</u>	<u>19,310</u>	<u>2,427</u>	<b><u>35,799</u></b>	<u>40,810</u>
	<u>23,532</u>	<u>64,660</u>	<u>5,377</u>	<b><u>93,599</u></b>	<u>70,421</u>
Expenditures					
Contributions to operating fund	<u>14,032</u>	<u>19,310</u>	<u>2,427</u>	<b><u>35,799</u></b>	<u>40,810</u>
Balance, end of year	<b>\$ <u>367,411</u></b>	<b>\$ <u>543,250</u></b>	<b>\$ <u>70,601</u></b>	<b>\$ <u>981,262</u></b>	<b>\$ <u>923,462</u></b>

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See accompanying notes to the financial statements

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**Corporation of the City of Thorold**  
**Trust Funds**  
**Notes to the Financial Statements**

For the Year Ended December 31, 2008

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**1. Accounting policies**

**(a) Basis of accounting**

Income and capital receipts are reported on the cash basis.

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

**(b) Investments**

Investments are recorded at cost.

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**2. Investments**

Trust fund investments of \$ 259,791 (2007 - \$ 309,321) have an estimated market value of \$ 267,380 (2007 - \$ 312,057).



Financial Statements

Thorold Public Library Board

December 31, 2008

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## Auditors' report

Grant Thornton LLP  
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To the Board Members, Members of Council, Inhabitants and Ratepayers of the  
Corporation of the City of Thorold

We have audited the consolidated statement of financial position of the **Thorold Public Library Board** as at December 31, 2008 and the consolidated statements of financial activities and changes in financial position, and schedules of current, capital and reserves and reserve funds activities for the year then ended. These financial statements are the responsibility of the library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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 Public Library Board and we were not able to determine whether any adjustments might be necessary to donations and other revenue, net revenues, assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we may have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Thorold Public Library Board as at December 31, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

*Grant Thornton LLP*

Port Colborne, Ontario  
May 5, 2009

Grant Thornton LLP  
Chartered Accountants  
Licensed Public Accountants

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## Thorold Public Library Board

### Consolidated Statement of Financial Position

As at December 31

2008

2007

**Assets**

Financial assets		
Cash	\$ 16,189	\$ 14,470
Investments, at cost which approximates market	117,781	161,007
Receivables	5,828	4,761
Prepays	805	
Due from City of Thorold	<u>5,153</u>	<u>2,498</u>
	<u>\$ 145,756</u>	<u>\$ 182,736</u>

**Liabilities**

Payables and accruals	\$ 24,072	\$ 33,984
Deferred revenue		30,352
Future employment benefits (Note 3)	<u>121,701</u>	<u>118,606</u>
	<u>145,773</u>	<u>182,942</u>

**Library position**

Current fund	13,229	8,950
Capital fund	20,592	28,579
Reserves and reserve funds	<u>87,863</u>	<u>80,871</u>
Fund balances	121,684	118,400
Amounts to be recovered	<u>(121,701)</u>	<u>(118,606)</u>
	<u>(17)</u>	<u>(206)</u>
	<u>\$ 145,756</u>	<u>\$ 182,736</u>

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On behalf of the Board

See accompanying notes to the financial statements

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## Thorold Public Library Board

### Consolidated Statement of Financial Activities

For the Year Ended December 31, 2008

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	Budget <u>2008</u> (Unaudited)	Actual <u>2008</u>	Actual <u>2007</u>
<b>Revenue</b>			
Municipal contribution	\$ 464,000	\$ <b>464,000</b>	\$ 458,500
Development charges	15,000	<b>15,000</b>	15,000
Grants (Note 4)	36,900	<b>70,192</b>	54,764
Other (Note 5)	<u>25,040</u>	<u><b>29,392</b></u>	<u>28,567</u>
	<u>540,940</u>	<u><b>578,584</b></u>	<u>556,831</u>
<b>Expenditures</b>			
Salaries, wages and benefits (Note 6)	366,000	<b>372,287</b>	383,743
Administration	17,700	<b>15,540</b>	18,513
Books, periodicals and newspapers	63,500	<b>64,029</b>	63,226
Insurance	3,600	<b>3,184</b>	3,839
Programs	2,000	<b>2,137</b>	2,013
Repairs and maintenance	26,340	<b>27,089</b>	26,028
Service contracts	9,000	<b>1,859</b>	5,760
Supplies	5,300	<b>5,350</b>	7,129
Utilities	25,500	<b>23,014</b>	23,299
Capital	<u>19,000</u>	<u><b>63,905</b></u>	<u>44,598</u>
	<u>537,940</u>	<u><b>578,394</b></u>	<u>578,148</u>
Net revenues (expenditures)	3,000	<b>190</b>	(21,317)
Increase in amounts to be recovered	<u>          </u>	<u><b>3,094</b></u>	<u>6,446</u>
<b>Change in fund balances</b>	<u>\$ 3,000</u>	<u><b>\$ 3,284</b></u>	<u>\$ (14,871)</u>

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See accompanying notes to the financial statements.

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# Thorold Public Library Board

## Consolidated Statement of Changes in Financial Position

For the Year Ended December 31

2008

2007

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

**Operating activities**

Net revenues (expenditures)	\$ 190	\$ (21,317)
Decrease (increase) in receivables	(1,067)	1,639
Increase in prepaids	(805)	
Increase in due from City of Thorold	(2,655)	(6,866)
Increase (decrease) in payables and accruals	(9,912)	1,714
Decrease in deferred revenue	(30,352)	(1,648)
Increase in post-employment benefits	<u>3,094</u>	<u>6,446</u>
	<u>(41,507)</u>	<u>(20,032)</u>

**Investing activities**

Decrease in investments	<u>43,226</u>	<u>8,831</u>
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**Net increase (decrease) in cash and cash equivalents** 1,719 (11,201)

**Cash and cash equivalents**

Beginning of year	<u>14,470</u>	<u>25,671</u>
End of year	<u>\$ 16,189</u>	<u>\$ 14,470</u>

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See accompanying notes to the financial statements.

# Thorold Public Library Board

## Schedule of Current Fund Activities

For the Year Ended December 31, 2008

	Budget <u>2008</u> (Unaudited)	Actual <u>2008</u>	Actual <u>2007</u>
<b>Revenue</b>			
Municipal contribution	\$ 454,000	\$ <b>454,000</b>	\$ 448,500
Development charges	15,000	<b>15,000</b>	15,000
Grants (Note 4)	32,400	<b>39,840</b>	35,116
Other (Note 5)	<u>25,040</u>	<u><b>27,144</b></u>	<u>27,232</u>
	<u>526,440</u>	<u><b>535,984</b></u>	<u>525,848</u>
<b>Expenditures</b>			
Salaries, wages and benefits (Note 6)	366,000	<b>372,287</b>	383,743
Administration	17,700	<b>15,540</b>	18,513
Books, periodicals and newspapers	63,500	<b>64,029</b>	63,226
Insurance	3,600	<b>3,184</b>	3,839
Programs	2,000	<b>2,137</b>	2,013
Repairs and maintenance	26,340	<b>27,089</b>	26,028
Service contracts	9,000	<b>1,859</b>	5,760
Supplies	5,300	<b>5,350</b>	7,129
Utilities	<u>25,500</u>	<u><b>23,014</b></u>	<u>23,299</u>
	<u>518,940</u>	<u><b>514,489</b></u>	<u>533,550</u>
<b>Net revenue (expenditures)</b>	<u>7,500</u>	<u><b>21,495</b></u>	<u>(7,702)</u>
<b>Financing and transfers</b>			
Transfers from (to) capital fund		<b>(15,566)</b>	10,679
Transfer to reserves and reserve funds	(7,500)	<b>(4,744)</b>	(5,583)
Increase in future employment benefits	<u>          </u>	<u><b>3,094</b></u>	<u>6,446</u>
Net financing and transfers	<u>(7,500)</u>	<u><b>(17,216)</b></u>	<u>11,542</u>
<b>Change in current fund</b>	Nil	<b>4,279</b>	3,840
<b>Current fund balance</b>			
Beginning of year	<u>8,950</u>	<u><b>8,950</b></u>	<u>5,110</u>
End of year	<u>\$ 8,950</u>	<u><b>\$ 13,229</b></u>	<u>\$ 8,950</u>

See accompanying notes to the financial statements.

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## Thorold Public Library Board

### Schedule of Capital Fund Activities

For the Year Ended December 31, 2008

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	Budget <u>2008</u> (Unaudited)	Actual <u>2008</u>	Actual <u>2007</u>
<b>Revenue</b>			
Municipal contribution	\$ 10,000	\$ <b>10,000</b>	\$ 10,000
Grants (Note 4)	<u>4,500</u>	<u><b>30,352</b></u>	<u>19,648</u>
	14,500	<b>40,352</b>	29,648
<b>Expenditures</b>			
Furniture, fixtures and equipment	<u>19,000</u>	<u><b>63,905</b></u>	<u>44,598</u>
<b>Net expenditures</b>	(4,500)	<b>(23,553)</b>	(14,950)
Transfers from (to) current fund	<u>          </u>	<u><b>15,566</b></u>	<u>(10,679)</u>
<b>Change in capital fund balance</b>	(4,500)	<b>(7,987)</b>	(25,629)
<b>Capital fund balance</b>			
Beginning of year	<u>28,579</u>	<u><b>28,579</b></u>	<u>54,208</u>
End of year	<u>\$ 24,079</u>	<u><b>\$ 20,592</b></u>	<u>\$ 28,579</u>

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See accompanying notes to the financial statements.

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## Thorold Public Library Board

### Schedule of Reserves and Reserve Funds Activities

For the Year Ended December 31 2008 2007

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<b>Revenue</b>			
Interest	\$ 2,248	\$	1,335
<b>Transfers</b>			
Transfer from current fund	<u>4,744</u>	<u>5,583</u>	
<b>Change in reserves and reserve funds</b>	<b>6,992</b>		<b>6,918</b>
<b>Reserves and reserve funds</b>			
Beginning of year	<u>80,871</u>	<u>73,953</u>	
End of year	<u>\$ 87,863</u>	<u>\$ 80,871</u>	

---

**Reserves and reserve funds consist of:**

Reserves set aside for specific purposes			
Sick pay reserve	\$ 27,922	\$	25,211
Pay equity reserve	<u>35,229</u>	<u>31,623</u>	
	<b>63,151</b>		<b>56,834</b>
Reserve funds set aside for specific purposes			
Expansion fund	<u>24,712</u>	<u>24,037</u>	
	<u>\$ 87,863</u>	<u>\$ 80,871</u>	

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See accompanying notes to the financial statements.

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# Thorold Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2008

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### 1. Significant accounting policies

The consolidated financial statements of the Thorold Public Library Board are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the board are as follows:

#### (a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances and in financial position of the Thorold Public Library Board.

#### (b) Basis of accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

#### (c) Fund accounting

Funds within the consolidated financial statements consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

#### (d) Tangible capital assets

The historical cost and accumulated depreciation for tangible capital assets are not reported for municipal purposes. Tangible capital assets are reported as an expenditure on the Consolidated Statement of Financial Activities in the year of acquisition.

#### (e) Reserves for future expenditures

Certain amounts, as approved by the board, are set aside in reserves for future operating and capital expenditures. Transfers to and from reserves are reflected as an adjustment to the respective fund.

#### (f) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect 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 expenditures during the reporting period. Actual results could differ from those estimates.

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# **Thorold Public Library Board**

## **Notes to the Financial Statements**

For the Year Ended December 31, 2008

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### **2. Tangible capital assets**

#### **Transitional provisions**

Effective January 1, 2008, the Library adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2008, the Library continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008, the Library has completed a listing of assets, but has not yet completed the values for those assets. The accumulation of data is currently underway and is expected to be completed by December 31, 2009.

#### **Determination of costs**

Tangible capital assets are to be initially recorded at cost. Cost will include all directly attributable expenditures 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. Donated assets are to be capitalized at their estimated fair value upon acquisition. Works of art for display in municipal property are not included as capital assets.

On transition to PS-3150, certain capital assets for which historical cost information is not available, will be recorded at current fair market value discounted by a relevant inflation factor.

#### **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 expected to be presented in the consolidated financial statements for the year ended December 31, 2009 and will be calculated on a straight-line basis over the assets' estimated useful lives.

# Thorold Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2008

<b>3. Future employment benefits</b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Accrued vacation pay	\$ 13,415	\$ 13,206
Accumulated sick leave	66,216	69,729
Post-employment benefits	<u>42,070</u>	<u>35,671</u>
	<b><u>\$ 121,701</u></b>	<b><u>\$ 118,606</u></b>

**(a) Accrued vacation pay**

As at December 31, 2008, employees of the Library have accumulated vacation pay credits in the amount of \$ 13,415 (2007 - \$ 13,206). 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 6%. A reserve has been established for the accumulated sick leave liability. The balance as at December 31, 2008 is \$ 27,922 (2007 - \$ 25,211).

Defined benefit plan information:	<b><u>2008</u></b>	<b><u>2007</u></b>
Accrued benefit obligation:		
Beginning of year	\$ 138,661	\$ 131,322
Actuarial adjustment	(8,836)	
Benefit expense	3,463	1,326
Interest accrued	8,376	6,046
Benefits paid	<u>(1,054)</u>	<u>(33)</u>
End of year	<b><u>\$ 140,610</u></b>	<b><u>\$ 138,661</u></b>
Funded status:		
Employment benefit plan liabilities	\$ 140,610	\$ 138,661
Unamortized net actuarial loss	<u>(32,324)</u>	<u>(33,261)</u>
Employee benefit plan liability	<b><u>\$ 108,286</u></b>	<b><u>\$ 105,400</u></b>
The accrued benefit obligation consists of the following:		
Accumulated sick leave	\$ 66,216	\$ 69,729
Other post-employment	<u>42,070</u>	<u>35,671</u>
	<b><u>\$ 108,286</u></b>	<b><u>\$ 105,400</u></b>

# Thorold Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2008

### 3. Future employment benefits (continued)

The main actuarial 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 4% in 2008 and thereafter.

Salary levels – Future general salary and wage levels were assumed to increase at 4% per annum.

Medical costs – Medical costs were assumed to increase at 5% per year.

Dental costs – Dental costs were assumed to increase at 5% per year.

The most recent actuarial valuation was performed as at December 31, 2008.

4. Grants	Budget 2008 (Unaudited)	Actual 2008	Actual 2007
<b>Current fund</b>			
Province of Ontario			
Unconditional grant	\$ 29,700	\$ 29,684	\$ 29,684
Pay equity	2,700	2,744	2,744
Federal			
HRDC summer student	_____	<u>7,412</u>	<u>2,688</u>
	<u>32,400</u>	<u>39,840</u>	<u>35,116</u>
<b>Capital fund</b>			
Province of Ontario			
Trillium Foundation			11,000
Literacy		14,714	6,286
Quality of Life	4,500	<u>15,638</u>	<u>2,362</u>
	<u>4,500</u>	<u>30,352</u>	19,648
	<u>\$ 36,900</u>	<u>\$ 70,192</u>	<u>\$ 54,764</u>

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## Thorold Public Library Board

### Notes to the Financial Statements

For the Year Ended December 31, 2008

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5. Other revenue	Budget <u>2008</u> (Unaudited)	Actual <u>2008</u>	Actual <u>2007</u>
<b>Current fund</b>			
Fines and fees	\$ 16,400	\$ 17,122	\$ 16,247
Interest	2,800	1,849	4,289
Photocopier fees	1,400	1,402	1,591
Miscellaneous	<u>4,440</u>	<u>6,771</u>	<u>5,105</u>
	25,040	27,144	27,232
<b>Reserves and reserve funds</b>			
Interest	<u>          </u>	<u>2,248</u>	<u>1,335</u>
	<u>\$ 25,040</u>	<u>\$ 29,392</u>	<u>\$ 28,567</u>

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6. Salaries, wages and benefits	Budget <u>2008</u> (Unaudited)	Actual <u>2008</u>	Actual <u>2007</u>
Salaries and wages	\$ 300,000	\$ 300,711	\$ 320,271
Benefits	<u>66,000</u>	<u>71,576</u>	<u>63,472</u>
	<u>\$ 366,000</u>	<u>\$ 372,287</u>	<u>\$ 383,743</u>

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#### 7. Pension agreements

The Board contributes 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 6.5% to 9.6% depending on the proposed retirement age and the level of earnings. As a result \$ 17,913 (2007 - \$ 16,170) was contributed to OMERS for current service, of which \$ 8,956 (2007 - \$ 8,085) represents the employees' portion.

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#### 8. Budgets

The Library does not prepare a budget for the reserves and reserve funds.

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#### 9. Financial instruments

The board's financial instruments consist of cash, accounts receivable, investments, accounts payable and amounts due to related parties. It is management's opinion that the board 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.



Financial Report

Thorold Business Improvement Area

2008

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## Auditors' report

**Grant Thornton LLP**  
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To the Board Members, Members of Council, Inhabitants and Ratepayers of  
the Corporation of the City of Thorold

We have audited the statement of financial position of the **Thorold Business Improvement Area** as at December 31, 2008 and the statements of financial activities for the year then ended. These financial statements are the responsibility of the improvement area's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Thorold Business Improvement Area as at December 31, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



Port Colborne, Ontario  
May 5, 2009

Grant Thornton LLP  
Chartered Accountants  
Licensed Public Accountants

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

December 31	2008	2007
<b>Liabilities</b>		
Current		
Payables and accruals	\$ 527	\$ 451
<b>Fund balance</b>		
Operating fund	<u>(527)</u>	<u>(451)</u>
	<u>\$ Nil</u>	<u>\$ Nil</u>

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On behalf of the Board

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See accompanying notes to the financial statements.

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## Thorold Business Improvement Area Statement of Financial Activities

Year Ended December 31, 2008

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	Budget <u>2008</u> (Unaudited)	<b><u>2008</u></b>	<u>2007</u>
<b>Revenue</b>			
Requisition from City of Thorold			
Original	\$ 28,000	<b>\$ 28,000</b>	\$ 28,400
Supplementals		<b>513</b>	293
Taxes written off	_____	_____	(158)
	<u>28,000</u>	<b><u>28,513</u></b>	<u>28,535</u>
<b>Expenditures</b>			
Administration	6,000	<b>7,980</b>	5,708
Advertising and promotion	8,000	<b>6,936</b>	4,367
Maintenance	<u>14,000</u>	<b><u>13,673</u></b>	<u>14,531</u>
	<u>28,000</u>	<b><u>28,589</u></b>	<u>24,606</u>
Change in operating fund	Nil	<b>(76)</b>	3,929
Operating fund balance, beginning of year	(451)	<b>(451)</b>	4,380
Operating fund balance, end of year	<u>\$ (451)</u>	<b><u>\$ (527)</u></b>	<u>\$ (451)</u>

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See accompanying notes to the financial statements.

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# Thorold Business Improvement Area

## Notes to the Financial Statements

December 31, 2008

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### Organization

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

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### 1. Significant accounting policies

The financial statements of the Thorold Business Improvement Area ("BIA") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipality are as follows:

#### (a) Basis of accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

#### (b) Tangible capital assets

The historical cost and accumulated depreciation for tangible capital assets are not reported for municipal purposes. Capital assets are reported as an expenditure on the statement of financial activities in the year of acquisition.

#### (c) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect 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 expenditures during the reporting period. Actual results could differ from those estimates.

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### 2. Tangible capital assets

#### Transitional provisions

Effective January 1, 2007, the BIA adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2008, the BIA continued to work towards compliance with the new recommendations for accounting for tangible capital assets. The accumulation of data is currently underway and is expected to be completed by December 31, 2009.

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# Thorold Business Improvement Area

## Notes to the Financial Statements

December 31, 2008

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### 2. Tangible capital assets (continued)

#### Determination of costs

Tangible capital assets are to be initially recorded at cost. Cost will include all directly attributable expenditures 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. Donated assets are to be capitalized at their estimated fair value upon acquisition. Works of art for display in municipal property are not included as capital assets.

On transition to PS-3150, certain capital assets for which historical cost information is not available, will be recorded at current fair market value discounted by a relevant inflation factor.

#### 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 expected to be presented in the financial statements for the year ended December 31, 2009 and will be calculated on a straight-line basis over the assets' estimated useful lives.

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### 3. 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.

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### 4. Financial instruments

The organization's financial instruments consist of cash, accounts receivable and accounts payable. It is management's opinion that the organization 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.