



Grant Thornton

Financial Report

Corporation of the City of Thorold

2010

Contents

	Page
Corporation of the City of Thorold	
Independent Auditors' 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	7-24
Consolidated Schedule of Tangible Capital Assets	25-26
Consolidated Schedule of Segment Disclosure	27-28
Schedule of Segment Disclosure with Budget Information	29-32
Corporation of the City of Thorold - Trust Funds	
Independent Auditors' Report	33-34
Consolidated Statement of Financial Position	35
Consolidated Statement of Operations	36
Notes to the Consolidated Financial Statements	37

Independent auditors' 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 Corporation of the City of Thorold, which comprise the consolidated statement of financial position as at December 31, 2010, 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.

Auditors' 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 auditors' 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, 2010, 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.

Other matter

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

Port Colborne, Canada
July 19, 2011

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

Corporation of the City of Thorold

Consolidated Statement of Financial Position

As at December 31

2010

2009

	2010	2009
Financial assets		
Cash and temporary investments (Note 2)	\$ 11,823,372	\$ 21,052,105
Long term investments (Note 3)	12,605,515	11,381,041
Taxes receivable (Note 4)		
Current year	418,402	753,141
Prior years	1,742,954	1,573,017
User charges receivable	1,221,106	1,140,939
Other receivables	<u>3,494,019</u>	<u>1,412,195</u>
	<u>31,305,368</u>	<u>37,312,438</u>
Liabilities		
Accounts payable and accrued liabilities	6,924,624	4,634,043
Deferred revenue – obligatory reserve funds (Note 5)	399,476	577,959
Deferred revenue – other	5,153	5,153
Post-employment benefits (Note 6)	2,078,260	1,913,185
Landfill liability (Note 7)	3,279,803	2,710,465
Long term debt (Note 8)	<u>1,512,262</u>	<u>1,586,299</u>
	<u>14,199,578</u>	<u>11,427,104</u>
Net financial assets	17,105,790	25,885,334
Non-financial assets		
Tangible capital assets (Note 9)	91,422,182	80,745,169
Inventory and prepaid expenses	<u>114,142</u>	<u>97,714</u>
Accumulated surplus (Note 10)	<u>\$ 108,642,114</u>	<u>\$ 106,728,217</u>

Commitments and contingencies (Notes 20 and 21)

Approved by

Chief Administrative Officer

Director of Finance

See accompanying notes and schedules to the consolidated financial statements

Corporation of the City of Thorold

Consolidated Statement of Operations

For the Year Ended December 31, 2010

	Budget 2010 (Unaudited)	Actual 2010	Actual 2009
Revenue			
Taxation (Note 13)	\$ 10,444,474	\$ 10,556,378	\$ 10,036,088
User fees and charges (Note 15)	7,116,496	6,792,454	6,268,142
Grants (Note 16)	776,815	888,804	878,108
Other (Note 17)	<u>1,501,178</u>	<u>1,532,640</u>	<u>1,553,300</u>
	<u>19,838,963</u>	<u>19,770,276</u>	<u>18,735,638</u>
Expenses			
General government	1,018,848	1,098,830	1,099,291
Protection to persons and property	3,794,616	3,763,977	3,603,016
Transportation services	3,814,499	4,994,360	3,823,642
Environmental services	6,761,618	7,166,286	6,555,868
Health services	693,390	552,215	664,274
Social and family services	49,107	47,881	46,002
Recreation and culture services	2,333,430	3,072,097	2,920,924
Planning and development	<u>872,096</u>	<u>616,170</u>	<u>705,388</u>
	<u>19,337,604</u>	<u>21,311,816</u>	<u>19,418,405</u>
Net revenues (expenses)	<u>501,359</u>	<u>(1,541,540)</u>	<u>(682,767)</u>
Other			
Revenue related to tangible capital assets			
User fees and charges (Note 15)	527,800	484,138	464,271
Grants (Note 16)	654,082	1,799,929	6,999,932
Other (Note 17)		222,140	12,011
Contributed tangible capital assets		893,388	
Gain on disposal of tangible capital assets		<u>55,842</u>	<u>3,253</u>
	<u>1,181,882</u>	<u>3,455,437</u>	<u>7,479,467</u>
Annual surplus	1,683,241	1,913,897	6,796,700
Accumulated surplus (Note 10)			
Beginning of year	<u>106,728,217</u>	<u>106,728,217</u>	<u>99,931,517</u>
End of year	<u>\$ 108,411,458</u>	<u>\$ 108,642,114</u>	<u>\$ 106,728,217</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

2010**2009**

Annual surplus	\$ 1,913,897	\$ 6,796,700
Amortization of tangible capital assets	3,246,712	3,101,373
Acquisition of tangible capital assets	(14,002,044)	(8,407,008)
Proceeds on disposal of tangible capital assets	134,161	9,690
Gain on disposal of tangible capital assets	<u>(55,842)</u>	<u>(3,253)</u>
	(8,763,116)	1,497,502
Acquisition of inventory and prepaid expenses	<u>(16,428)</u>	<u>(1,004)</u>
Increase (decrease) in net financial assets	(8,779,544)	1,496,498
Net financial assets		
Beginning of year	<u>25,885,334</u>	<u>24,388,836</u>
End of year	<u>\$ 17,105,790</u>	<u>\$ 25,885,334</u>

See accompanying notes and schedules to the consolidated financial statements

Corporation of the City of Thorold

Consolidated Statement of Cash Flows

For the Year Ended December 31

2010

2009

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual surplus	\$ 1,913,897	\$ 6,796,700
Non-cash items		
Amortization of tangible capital assets	3,246,712	3,101,373
Gain on disposal of tangible capital assets	(55,842)	(3,253)
Decrease (increase) in taxes receivable	164,802	(374,496)
Decrease (increase) in user charges receivable	(80,167)	84,582
Increase in other receivables	(2,081,825)	(785,702)
Increase in accounts payable and accrued liabilities	2,290,581	1,479,853
Decrease in deferred revenue – obligatory	(178,483)	(275,958)
Increase in employee benefit obligations	165,075	90,872
Increase in landfill liability	569,338	240,341
Increase in inventory and prepaid expenses	<u>(16,428)</u>	<u>(1,004)</u>
	<u>5,937,660</u>	<u>10,353,308</u>
Capital activities		
Proceeds on disposal of tangible capital assets	134,161	9,690
Acquisition of tangible capital assets, net of construction in process capitalized	<u>(14,002,044)</u>	<u>(8,407,008)</u>
	<u>(13,867,883)</u>	<u>(8,397,318)</u>
Investing activities		
Decrease (increase) in investments	<u>(1,224,474)</u>	<u>81,072</u>
Financing activities		
Repayment of long term debt	<u>(74,036)</u>	<u>(349,002)</u>
Net increase (decrease) in cash and cash equivalents	(9,228,733)	1,688,060
Cash and cash equivalents		
Beginning of year	<u>21,052,105</u>	<u>19,364,045</u>
End of year	<u>\$ 11,823,372</u>	<u>\$ 21,052,105</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, 2010

1. Significant accounting policies

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

(a) Reporting entity

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

Thorold Public Library Board
Thorold Business Improvement Area

Interdepartmental and organizational transactions and balances are eliminated.

- (ii) Trust funds

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the Trust Funds Statement of Financial Position and Operations (Pages 35 and 36).

(b) Basis of accounting

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

(c) Budget figures

The budget for 2010 is reflected on the Consolidated Statement of Operations. The budget established for 2010 included amounts for capital expenses, however starting in 2009 these expenses have been recorded as tangible capital asset additions. The budget figures do not include full amounts for amortization of tangible capital assets. Since the budgets established for capital are on a project-oriented basis, the costs of which may be carried over one or more years, the budget figures are not directly comparable with the current year actual amounts.

(d) Cash and temporary investments

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

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

1. Significant accounting policies (continued)

(e) Investments

Investments are recorded at cost.

(f) Deferred revenue

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

(g) Employee future benefits

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

(h) Tangible capital assets

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

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

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

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

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

Corporation of the City of Thorold
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2010

1. Significant accounting policies (continued)

(h) Tangible capital assets (continued)

Amortization is based on the following classifications and useful lives:

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

Amortization begins the first of the month following the acquisition. Assets under construction are not amortized until the asset is available for productive use.

(i) Subdivision infrastructure

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

(j) Inventory

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

(k) Reserves for future expenses

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

(l) Government transfers

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

(m) Investment income

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

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

5. 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>2010</u>	<u>2009</u>
Park land	\$ 108,992	\$ 166,082
Tree planting	8,441	21,543
Gas tax	613,874	464,272
Development charges	<u>(331,831)</u>	<u>(73,938)</u>
	<u>\$ 399,476</u>	<u>\$ 577,959</u>

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

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	<u>\$ 577,959</u>	<u>\$ 853,917</u>
Contributions from		
Development Charges Act	297,025	104,066
Interest earned (paid)	(5,821)	(766)
Gas tax grants received		
Federal	560,902	586,436
Provincial	243,804	252,780
Other revenue	<u>14,850</u>	<u>26,734</u>
Total revenue	<u>1,110,760</u>	<u>969,250</u>
Utilized for		
Operations	(304,958)	(42,755)
Tangible capital asset acquisitions	(977,285)	(1,195,453)
Library operations	<u>(7,000)</u>	<u>(7,000)</u>
	<u>(1,289,243)</u>	<u>(1,245,208)</u>
Balance, end of year	<u>\$ 399,476</u>	<u>\$ 577,959</u>

Corporation of the City of Thorold
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2010

6. Post-employment benefits	<u>2010</u>	<u>2009</u>
Accrued vacation pay	<u>\$ 382,067</u>	<u>\$ 355,828</u>
Accumulated sick leave	772,930	686,616
Post-employment benefits	<u>923,263</u>	<u>870,741</u>
	<u>1,696,193</u>	<u>1,557,357</u>
	<u>\$ 2,078,260</u>	<u>\$ 1,913,185</u>

Accrued vacation pay

As at December 31, 2010, employees of the Municipality have accumulated vacation pay credits in the amount of \$ 382,067 (2009 - \$ 355,828). 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, 2010 of \$ 1,696,193 (2009 - \$ 1,557,357) 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, 2010 is \$ 637,239 (2009 - \$ 702,414).

	<u>2010</u>	<u>2009</u>
Accrued benefit obligation:		
Beginning of year	\$ 1,775,475	\$ 1,744,577
Benefit expense	89,585	83,646
Interest accrued	93,547	85,854
Benefits adjustment	81,411	(81,411)
Benefits paid	<u>(147,038)</u>	<u>(57,191)</u>
End of year	<u>\$ 1,892,980</u>	<u>\$ 1,775,475</u>
Funded status:		
Employment benefit plan liabilities	\$ 1,892,980	\$ 1,775,475
Unamortized net actuarial loss	<u>(196,787)</u>	<u>(218,118)</u>
Employee benefit plan liability	<u>\$ 1,696,193</u>	<u>\$ 1,557,357</u>
The accrued benefit obligation consists of the following:		
Accumulated sick leave	\$ 772,930	\$ 686,616
Other post-employment	<u>923,263</u>	<u>870,741</u>
	<u>\$ 1,696,193</u>	<u>\$ 1,557,357</u>

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

6. 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 2009 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 thereafter.

7. 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 2010 budget and inflation adjusted at 2.35% per annum. These costs were then discounted to December 31, 2010 using a discount rate of 5%. 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, 2010 is \$ 3,279,803 (2009 - \$ 2,710,465). Additional expenses for post-closure care recorded in 2010 were in the amount of \$ 723,482 (2009 - \$ 399,064).

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

8. Long term debt	<u>2010</u>	<u>2009</u>
(a) Total long term debt incurred or assumed by the Municipality and outstanding at the end of the year amount to	\$ 35,493	\$ 49,206

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>1,476,769</u>	<u>1,537,093</u>
Net long term debt, end of year	<u>\$ 1,512,262</u>	<u>\$ 1,586,299</u>

(b) The long term debt 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:

2011	\$ 533,203
2012	59,513
2013	50,606
2014	48,106
2015	50,469

(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>2010</u>	<u>2009</u>
Principal	\$ 74,036	\$ 349,002
Interest	<u>80,243</u>	<u>91,144</u>
	<u>\$ 154,279</u>	<u>\$ 440,146</u>

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

9. Tangible capital assets

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

	<u>2010</u>	<u>2009</u>
Land	\$ 2,251,089	\$ 2,249,499
Land improvements	5,548,053	3,348,096
Buildings	8,957,036	7,660,257
Machinery and equipment	2,030,139	1,886,627
Vehicles	<u>2,269,858</u>	<u>2,088,472</u>
	<u>21,056,175</u>	<u>17,232,951</u>
Infrastructure		
Transportation	22,187,155	17,863,482
Storm sewers	7,658,602	7,130,602
Sanitary sewers	19,871,822	13,486,786
Infrastructure water	14,633,333	14,259,652
Landfill	<u>-</u>	<u>-</u>
	<u>64,350,912</u>	<u>52,740,522</u>
Construction in process	<u>6,015,095</u>	<u>10,771,696</u>
	<u>\$ 91,422,182</u>	<u>\$ 80,745,169</u>

See pages 25 and 26 for more detail.

10. Accumulated surplus

	<u>2010</u>	<u>2009</u>
Operating surplus (deficit)	\$ (3,827,095)	\$ 3,967,761
Investment in tangible capital assets	91,422,182	80,745,169
Reserves and reserve funds (Note 11)	27,917,352	28,225,236
Unfunded liabilities (Note 12)	<u>(6,870,325)</u>	<u>(6,209,949)</u>
	<u>\$ 108,642,114</u>	<u>\$ 106,728,217</u>

The 2010 operating deficit of the Municipality available for the general reduction of taxation or user charges has been decreased by an amount of \$ 123,144; transferred from the reserve for industrial development as authorized by Council. Had this transfer not been made the operating deficit would have been \$ 3,703,951. The 2009 operating surplus was increased by \$ 220,458; transferred from the reserve for industrial development. Had this transfer not been made the 2009 operating surplus would have been \$ 3,747,303.

Corporation of the City of Thorold
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2010

11. Reserves and reserve funds	<u>2010</u>	<u>2009</u>
Reserves set aside by Council for specific purposes:		
Municipal development	\$ 405,883	\$ 332,785
Working funds (uncollectible taxes)	510,000	510,000
Equipment replacement	553,659	590,006
Accumulated sick leave	637,239	702,414
Computer	75,514	63,768
Election	12,896	55,997
Grant stabilization	133,403	336,213
Sewage capital	2,301,844	3,705,901
Water capital	2,337,546	1,959,930
Insurance deductible	234,231	222,732
Industrial development	1,152,792	734,039
Pay equity	164,178	164,048
Winter control	20,393	
Encumbrances	<u>421,417</u>	<u>299,665</u>
Total reserves	<u>8,960,995</u>	<u>9,677,498</u>
Reserve funds set aside by Council for specific purposes:		
Hospital expansion	903,438	598,345
Transit	138,333	138,333
Arena building	265,431	239,753
Library expansion	27,756	27,635
Hydro proceeds	17,082,549	17,104,368
Mausoleum and cemetery improvements	190,258	151,337
Municipal land and building	258,551	198,262
Port Robinson transportation	40,020	41,621
Thorold pre-recreation (Mel Swart Park)	47,829	45,910
Thorold South Community Centre building	<u>2,192</u>	<u>2,174</u>
Total reserve funds	<u>18,956,357</u>	<u>18,547,738</u>
	<u>\$ 27,917,352</u>	<u>\$ 28,225,236</u>

Corporation of the City of Thorold
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2010

11. Reserves and reserve funds (continued)

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

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	<u>\$ 28,225,236</u>	<u>\$ 29,519,011</u>
Contributions from		
Investment income	539,618	569,970
User charges	129,872	95,549
Other revenue	<u>81,314</u>	<u>50,942</u>
	<u>750,804</u>	<u>716,461</u>
Provided from operations	2,049,534	964,395
Provided from deferred revenue	10,000	
Utilized for tangible capital asset acquisitions	(3,118,222)	(2,974,200)
Utilized for library operations		<u>(431)</u>
	<u>(1,058,688)</u>	<u>(2,010,236)</u>
Balance, end of year	<u>\$ 27,917,352</u>	<u>\$ 28,225,236</u>

12. Unfunded liabilities

	<u>2010</u>	<u>2009</u>
Post-employment benefits	\$ 2,078,260	\$ 1,913,185
Landfill liability	3,279,803	2,710,465
Long term debt	<u>1,512,262</u>	<u>1,586,299</u>
	<u>\$ 6,870,325</u>	<u>\$ 6,209,949</u>

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

13. Taxation	Budget 2010 (Unaudited)	Actual 2010	Actual 2009
Real property		\$ 29,403,572	\$ 28,402,084
From other governments			
Payments in lieu of taxes		<u>1,085,632</u>	<u>1,104,267</u>
		<u>30,489,204</u>	<u>29,506,351</u>
Less: taxation collected on behalf of (Note 14)			
Region of Niagara		12,935,322	12,655,831
School boards		<u>6,997,504</u>	<u>6,814,432</u>
		<u>19,932,826</u>	<u>19,470,263</u>
Net taxes available for municipal purposes		<u>\$ 10,556,378</u>	<u>\$ 10,036,088</u>
Residential, multi-residential and farm	\$ 7,476,519	\$ 7,453,914	\$ 7,192,037
Commercial and industrial	<u>2,967,955</u>	<u>3,102,464</u>	<u>2,844,051</u>
Net taxes available for municipal purposes	<u>\$ 10,444,474</u>	<u>\$ 10,556,378</u>	<u>\$ 10,036,088</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>2010</u>	<u>2009</u>
Region of Niagara	\$ 12,935,322	\$ 12,655,831
School boards	<u>6,997,504</u>	<u>6,814,432</u>
	<u>\$ 19,932,826</u>	<u>\$ 19,470,263</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, 2010

15. User fees and charges	Budget <u>2010</u> (Unaudited)	Actual <u>2010</u>	Actual <u>2009</u>
Operating			
Fees and service charges	\$ 774,640	\$ 975,527	\$ 792,910
Water charges	2,995,267	2,810,182	2,704,798
Sewage charges	2,866,000	2,695,931	2,564,467
Licences and permits	269,146	239,131	198,967
Development charges	<u>211,443</u>	<u>71,683</u>	<u>7,000</u>
	<u>7,116,496</u>	<u>6,792,454</u>	<u>6,268,142</u>
Capital			
Development charges	<u>527,800</u>	<u>484,138</u>	<u>464,271</u>
	<u>\$ 7,644,296</u>	<u>\$ 7,276,592</u>	<u>\$ 6,732,413</u>
16. Grants			
	Budget <u>2010</u> (Unaudited)	Actual <u>2010</u>	Actual <u>2009</u>
Operating			
Province of Ontario	\$ 573,820	\$ 687,576	\$ 706,445
Government of Canada	90,495	93,294	93,391
Municipal	<u>112,500</u>	<u>107,934</u>	<u>78,272</u>
	<u>776,815</u>	<u>888,804</u>	<u>878,108</u>
Capital			
Province of Ontario		693,305	4,035,042
Government of Canada	554,082	1,085,809	552,392
Municipal	<u>100,000</u>	<u>20,815</u>	<u>2,412,498</u>
	<u>654,082</u>	<u>1,799,929</u>	<u>6,999,932</u>
	<u>\$ 1,430,897</u>	<u>\$ 2,688,733</u>	<u>\$ 7,878,040</u>

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

17. Other revenue	Budget <u>2010</u> (Unaudited)	Actual <u>2010</u>	Actual <u>2009</u>
Operating			
Penalties and interest on taxes	\$ 600,000	\$ 557,550	\$ 584,664
Fines	61,500	42,466	65,204
Investment income	220,000	279,534	258,807
Investment income – reserves and reserve funds	556,143	539,618	569,970
Rental income	7,535	8,540	7,934
Donations		10,470	6,250
Transfer from cemetery and mausoleum care and maintenance trust funds	36,000	12,274	17,716
Other	<u>20,000</u>	<u>82,188</u>	<u>42,755</u>
	<u>1,501,178</u>	<u>1,532,640</u>	<u>1,553,300</u>
Capital			
Donations		160,114	2,938
Other		<u>62,026</u>	<u>9,073</u>
		<u>222,140</u>	<u>12,011</u>
	<u>\$ 1,501,178</u>	<u>\$ 1,754,780</u>	<u>\$ 1,565,311</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 6.4% to 13.1% depending on the proposed retirement age and the level of earnings. As a result \$ 423,265 (2009 - \$ 399,043) was contributed to OMERS for current service, of which \$ 211,633 (2009 - \$ 199,522) represents the employees' portion.

Under the past service provisions of OMERS, the Municipality is obligated as at December 31, 2010 for the amount of \$ 35,493 (2009 - \$ 49,206) 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, 2010

19. Trust funds

Trust funds administered by the Municipality amounting to \$ 1,077,961 (2009 - \$ 1,019,819) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

20. Contractual obligations and commitments

Capital expenses

The estimated future capital expenditure commitments based on projects in progress at December 31, 2010 is approximately \$ 1,701,000 (2009 - \$ 5,807,000). These projects will be financed by grants, subsidies and long term liabilities in future years.

Transit services

The Municipality has a contract for transit services with the St. Catharines Transit Commission at an approximate cost of \$ 460,931 per year. The contract expires on June 30, 2011 and is to be reviewed annually. The remaining commitment at December 31, 2010 was \$ 234,523 (2009 - \$ 224,868).

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:

2011	\$ 5,176
2012	550
2013	300
2014	300
2015	300

Hospital

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

21. Contingencies

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

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

22. Government transfers

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

	<u>2010</u>	<u>2009</u>
Revenue		
Ontario grants		
Ontario Municipal Partnership Fund	\$ 309,600	\$ 387,000
Ontario Power Generation	21,515	4,000,000
Build Canada Funding	181,497	11,417
Recreation Infrastructural Canada	44,423	
Recreation and cultural	132,459	106,721
Infrastructure	433,633	20,491
Transit – Provincial Gas Tax	233,134	208,334
Miscellaneous	<u>24,620</u>	<u>7,524</u>
	<u>1,380,881</u>	<u>4,741,487</u>
Federal grants		
Transit	70,000	70,000
Cemeteries	21,294	21,441
Build Canada Funding	181,497	11,417
Recreation Infrastructural Canada	44,423	
Infrastructure	433,632	20,491
Gas tax	<u>428,257</u>	<u>522,434</u>
	<u>1,179,103</u>	<u>645,783</u>
Municipal grants		
Regional Municipality of Niagara		
Provincial Offences Act	53,830	47,897
Capital grants	20,815	2,412,498
Downtown facade program	13,500	15,000
Miscellaneous	<u>40,604</u>	<u>15,375</u>
	<u>128,749</u>	<u>2,490,770</u>
	<u>\$ 2,688,733</u>	<u>\$ 7,878,040</u>
Expenses		
Charitable and non-profit organizations	<u>\$ 59,184</u>	<u>\$ 80,014</u>

23. Comparative figures

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

Corporation of the City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

24. Segmented information

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

General government

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

Protection to persons and property

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

Transportation services

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

Environmental services

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

Health services

Health service department is responsible for cemetery operations.

Social and family services

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

Recreation and culture services

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

Planning and development

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

Corporation of the City of Thorold
Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

24. Segmented information (continued)

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

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

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

For the Year Ended December 31, 2010

Cost	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Infrastructure (Note 9)</u>	<u>Construction in Process</u>	<u>2010</u>
Beginning of year	\$ 2,249,499	\$ 6,498,901	\$ 12,927,713	\$ 4,045,784	\$ 4,471,668	\$ 85,059,907	\$ 10,771,696	\$ 126,025,168
Add additions	58,311	2,630,522	1,611,485	520,317	408,225	13,529,785	4,461,729	23,220,374
Less disposals during the year	<u>(56,721)</u>	<u>(16,172)</u>	<u>(5,997)</u>	<u>(324,417)</u>	<u>(324,625)</u>	<u>(1,689,711)</u>	<u>(9,218,330)</u>	<u>(11,635,973)</u>
End of year	<u>2,251,089</u>	<u>9,113,251</u>	<u>14,533,201</u>	<u>4,241,684</u>	<u>4,555,268</u>	<u>96,899,981</u>	<u>6,015,095</u>	<u>137,609,569</u>
Accumulated amortization								
Beginning of year		3,150,805	5,267,456	2,159,157	2,383,196	32,319,385		45,279,999
Add amortization during the year		430,565	314,706	376,805	226,839	1,897,797		3,246,712
Less amortization on disposals		<u>(16,172)</u>	<u>(5,997)</u>	<u>(324,417)</u>	<u>(324,625)</u>	<u>(1,668,113)</u>		<u>(2,339,324)</u>
End of year		<u>3,565,198</u>	<u>5,576,165</u>	<u>2,211,545</u>	<u>2,285,410</u>	<u>32,549,069</u>		<u>46,187,387</u>
Net book value	<u>\$ 2,251,089</u>	<u>\$ 5,548,053</u>	<u>\$ 8,957,036</u>	<u>\$ 2,030,139</u>	<u>\$ 2,269,858</u>	<u>\$ 64,350,912</u>	<u>\$ 6,015,095</u>	<u>\$ 91,422,182</u>

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

For the Year Ended December 31, 2009

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Infrastructure (Note 9)	Construction in Process	2009
Cost								
Beginning of year	\$ 2,249,499	\$ 6,472,082	\$ 12,930,860	\$ 3,729,048	\$ 4,017,126	\$ 84,576,924	\$ 4,339,504	\$ 118,315,043
Additions		71,819	100,518	473,795	545,340	783,344	6,432,192	8,407,008
Less disposals during the year		(45,000)	(103,665)	(157,059)	(90,798)	(300,361)		(696,883)
End of year	<u>2,249,499</u>	<u>6,498,901</u>	<u>12,927,713</u>	<u>4,045,784</u>	<u>4,471,668</u>	<u>85,059,907</u>	<u>10,771,696</u>	<u>126,025,168</u>
Accumulated amortization								
Beginning of year		2,818,525	5,057,068	1,935,925	2,254,331	30,803,223		42,869,072
Add amortization during the year		377,280	307,616	380,291	219,663	1,816,523		3,101,373
Less amortization on disposals		(45,000)	(97,228)	(157,059)	(90,798)	(300,361)		(690,446)
End of year		<u>3,150,805</u>	<u>5,267,456</u>	<u>2,159,157</u>	<u>2,383,196</u>	<u>32,319,385</u>		<u>45,279,999</u>
Net book value	<u>\$ 2,249,499</u>	<u>\$ 3,348,096</u>	<u>\$ 7,660,257</u>	<u>\$ 1,886,627</u>	<u>\$ 2,088,472</u>	<u>\$ 52,740,522</u>	<u>\$ 10,771,696</u>	<u>\$ 80,745,169</u>

Corporation of the City of Thorold Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2010

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture Services	Planning and Development	Consolidated
Revenues									
Taxation	\$ 2,200,182	\$ 2,651,571	\$ 2,109,090	\$ 1,270,993	\$ 692,270	\$ 11,387	\$ 1,303,324	\$ 317,561	\$ 10,556,378
User charges	124,846	259,214	61,072	5,506,113	215,114		975,859	134,374	7,276,592
Grants	336,848	21,540	910,527	1,093,852	21,294	29,262	221,306	54,104	2,688,733
Other	1,418,146	42,466	15,526	62,025	20,808		149,226	46,583	1,754,780
Contributed tangible capital assets	58,310		412,014	423,064					893,388
Gain (loss) on disposal of tangible capital assets	59,791		17,650	(21,599)					55,842
	4,198,123	2,974,791	3,525,879	8,334,448	949,486	40,649	2,649,715	552,622	23,225,713
Expenses									
Salaries and benefits	723,745	2,914,065	1,651,407	707,779	369,478	29,863	1,485,200	335,533	8,217,070
Operating materials and supplies	20,544	32,960	239,960	43,045	30,552	619	204,369	10,097	582,146
Contracted services	120,225	382,763	1,597,276	5,472,989	75,297	17,330	604,044	242,740	8,512,664
Rent and financial expenses	3,116	117,894	294,807	66,050	26,321	69	73,032	1,506	582,795
External transfers to others									
Amortization	150,957	316,295	1,210,910	876,423	50,567		64,186	26,000	90,186
Debt service	80,243						641,266	294	3,246,712
	1,098,830	3,763,977	4,994,360	7,166,286	552,215	47,881	3,072,097	616,170	21,311,816
Annual surplus (deficit)	\$ 3,099,293	\$ (789,186)	\$ (1,468,481)	\$ 1,168,162	\$ 397,271	\$ (7,232)	\$ (422,382)	\$ (63,548)	\$ 1,913,897

Corporation of the City of Thorold Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2009

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture Services	Planning and Development	Consolidated
Revenues									
Taxation	\$ 2,132,491	\$ 2,472,813	\$ 1,955,288	\$ 1,263,704	\$ 664,742	\$ 11,906	\$ 1,242,156	\$ 292,988	\$ 10,036,088
User charges	284,424	14,848	52,590	5,269,265	71,710		873,331	166,245	6,732,413
Grants	344,853	53,322	4,721,112	2,529,393	21,441	45,097	121,095	41,727	7,878,040
Other	1,495,380		681		22,076		47,174		1,565,311
Gain on disposal of tangible capital assets			3,253						3,253
	4,257,148	2,540,983	6,732,924	9,062,362	779,969	57,003	2,283,756	500,960	26,215,105
Expenses									
Salaries and benefits	807,667	2,724,930	1,288,865	783,283	441,126	28,969	1,453,984	341,453	7,870,277
Operating materials and supplies	7,755	51,544	221,173	62,060	34,844	324	176,142	65,512	619,354
Contracted services	34,156	380,119	895,464	4,785,870	66,296	16,641	615,177	247,910	7,041,633
Rent and financial expenses	1,605	131,072	251,844	93,440	22,472	68	50,921	20,513	571,935
External transfers to others								30,000	122,690
Amortization	163,797	315,351	1,166,296	824,383	99,536		532,010		3,101,373
Debt service	84,311			6,832					91,143
	1,099,291	3,603,016	3,823,642	6,555,868	664,274	46,002	2,920,924	705,388	19,418,405
Annual surplus (deficit)	\$ 3,157,857	\$ (1,062,033)	\$ 2,909,282	\$ 2,506,494	\$ 115,695	\$ 11,001	\$ (637,168)	\$ (204,428)	\$ 6,796,700

Corporation of the City of Thorold

Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2010

	Budget <u>2010</u> (Unaudited)	Actual <u>2010</u>	Actual <u>2009</u>
General government			
Revenue			
Taxation	\$ 2,114,834	\$ 2,200,182	\$ 2,132,491
User charges	51,095	124,846	284,424
Grants	325,600	336,848	344,853
Other	1,401,678	1,418,146	1,495,380
Contributed tangible capital assets		58,310	
Gain on disposal of tangible capital assets		<u>59,791</u>	
	<u>3,893,207</u>	<u>4,198,123</u>	<u>4,257,148</u>
Expenses			
Salaries and benefits	728,221	723,745	807,667
Operating materials and supplies	1,223	20,544	7,755
Contracted services	21,427	120,225	34,156
Rent and financial expenses	9,750	3,116	1,605
Amortization	46,290	150,957	163,797
Debt service	<u>211,938</u>	<u>80,243</u>	<u>84,311</u>
	<u>1,018,849</u>	<u>1,098,830</u>	<u>1,099,291</u>
Annual surplus	<u>\$ 2,874,358</u>	<u>\$ 3,099,293</u>	<u>\$ 3,157,857</u>
Protection to persons and property			
Revenue			
Taxation	\$ 2,651,571	\$ 2,651,571	\$ 2,472,813
User charges	260,846	259,214	14,848
Grants	8,000	21,540	53,322
Other	<u>61,500</u>	<u>42,466</u>	
	<u>2,981,917</u>	<u>2,974,791</u>	<u>2,540,983</u>
Expenses			
Salaries and benefits	2,870,600	2,914,065	2,724,930
Operating materials and supplies	39,617	32,960	51,544
Contracted services	681,201	382,763	380,119
Rent and financial expenses	17,198	117,894	131,072
Amortization	179,000	316,295	315,351
Debt service	<u>7,000</u>		
	<u>3,794,616</u>	<u>3,763,977</u>	<u>3,603,016</u>
Annual deficit	<u>\$ (812,699)</u>	<u>\$ (789,186)</u>	<u>\$ (1,062,033)</u>

Corporation of the City of Thorold

Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2010

	Budget <u>2010</u> (Unaudited)	Actual <u>2010</u>	Actual <u>2009</u>
Transportation services			
Revenue			
Taxation	\$ 2,109,090	\$ 2,109,090	\$ 1,955,288
User charges	15,000	61,072	52,590
Grants	292,715	910,527	4,721,112
Other	2,000	15,526	681
Contributed tangible capital assets		412,014	
Gain on disposal of tangible capital assets		17,650	3,253
	<u>2,418,805</u>	<u>3,525,879</u>	<u>6,732,924</u>
Expenses			
Salaries and benefits	2,129,358	1,651,407	1,288,865
Operating materials and supplies	212,149	239,960	221,173
Contracted services	401,887	1,597,276	895,464
Rent and financial expenses	135,105	294,807	251,844
Amortization	936,000	1,210,910	1,166,296
	<u>3,814,499</u>	<u>4,994,360</u>	<u>3,823,642</u>
Annual surplus (deficit)	<u>\$ (1,395,694)</u>	<u>\$ (1,468,481)</u>	<u>\$ 2,909,282</u>
Environmental services			
Revenue			
Taxation	\$ 1,248,232	\$ 1,270,993	\$ 1,263,704
User charges	5,861,267	5,506,113	5,269,265
Grants	654,082	1,093,852	2,529,393
Other		62,025	
Contributed tangible capital assets		423,064	
Loss on disposal of tangible capital assets		(21,599)	
	<u>7,763,581</u>	<u>8,334,448</u>	<u>9,062,362</u>
Expenses			
Salaries and benefits	796,224	707,779	783,283
Operating materials and supplies	69,711	43,045	62,060
Contracted services	4,645,480	5,472,989	4,785,870
Rent and financial expenses	92,308	66,050	93,440
Amortization	937,894	876,423	824,383
Debt service	220,000		6,832
	<u>6,761,617</u>	<u>7,166,286</u>	<u>6,555,868</u>
Annual surplus	<u>\$ 1,001,964</u>	<u>\$ 1,168,162</u>	<u>\$ 2,506,494</u>

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

For the Year Ended December 31, 2010

	Budget <u>2010</u> (Unaudited)	Actual <u>2010</u>	Actual <u>2009</u>
Health services			
Revenue			
Taxation	\$ 688,475	\$ 692,270	\$ 664,742
User charges	91,100	215,114	71,710
Grants	22,000	21,294	21,441
Other	<u>36,000</u>	<u>20,808</u>	<u>22,076</u>
	<u>837,575</u>	<u>949,486</u>	<u>779,969</u>
Expenses			
Salaries and benefits	497,608	369,478	441,126
Operating materials and supplies	42,991	30,552	34,844
Contracted services	141,270	75,297	66,296
Rent and financial expenses	1,520	26,321	22,472
External transfers to others	10,000		
Amortization	<u></u>	<u>50,567</u>	<u>99,536</u>
	<u>693,389</u>	<u>552,215</u>	<u>664,274</u>
Annual surplus	<u>\$ 144,186</u>	<u>\$ 397,271</u>	<u>\$ 115,695</u>
Social and family services			
Revenue			
Taxation	\$ 11,387	\$ 11,387	\$ 11,906
Grants	<u>31,500</u>	<u>29,262</u>	<u>45,097</u>
	<u>42,887</u>	<u>40,649</u>	<u>57,003</u>
Expenses			
Salaries and benefits	33,981	29,863	28,969
Operating materials and supplies	385	619	324
Contracted services	14,672	17,330	16,641
Rent and financial expenses	<u>69</u>	<u>69</u>	<u>68</u>
	<u>49,107</u>	<u>47,881</u>	<u>46,002</u>
Annual surplus (deficit)	<u>\$ (6,220)</u>	<u>\$ (7,232)</u>	<u>\$ 11,001</u>

Corporation of the City of Thorold

Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2010

	Budget <u>2010</u> (Unaudited)	Actual <u>2010</u>	Actual <u>2009</u>
Recreation and culture services			
Revenue			
Taxation	\$ 1,303,324	\$ 1,303,324	\$ 1,242,156
User charges	1,052,420	975,859	873,331
Grants	32,000	221,306	121,095
Other	<u> </u>	<u>149,226</u>	<u>47,174</u>
	<u>2,387,744</u>	<u>2,649,715</u>	<u>2,283,756</u>
Expenses			
Salaries and benefits	1,442,063	1,485,200	1,453,984
Operating materials and supplies	158,721	204,369	176,142
Contracted services	521,337	604,044	615,177
Rent and financial expenses	5,299	73,032	50,921
External transfers to others	71,010	64,186	92,690
Amortization	<u>135,000</u>	<u>641,266</u>	<u>532,010</u>
	<u>2,333,430</u>	<u>3,072,097</u>	<u>2,920,924</u>
Annual surplus (deficit)	<u>\$ 54,314</u>	<u>\$ (422,382)</u>	<u>\$ (637,168)</u>
Planning and development			
Revenue			
Taxation	\$ 317,561	\$ 317,561	\$ 292,988
User charges	312,568	134,374	166,245
Grants	65,000	54,104	41,727
Other	<u> </u>	<u>46,583</u>	<u> </u>
	<u>695,129</u>	<u>552,622</u>	<u>500,960</u>
Expenses			
Salaries and benefits	341,333	335,533	341,453
Operating materials and supplies	20,253	10,097	65,512
Contracted services	389,414	242,740	247,910
Rent and financial expenses	1,847	1,506	20,513
External transfers to others	119,250	26,000	30,000
Amortization	<u> </u>	<u>294</u>	<u> </u>
	<u>872,097</u>	<u>616,170</u>	<u>705,388</u>
Annual deficit	<u>\$ (176,968)</u>	<u>\$ (63,548)</u>	<u>\$ (204,428)</u>

Independent auditors' 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, 2010, 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.

Auditors' 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 auditors' 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, 2010, and the results of its operations for the year then ended in accordance with the financial reporting provisions of the Ministry of Municipal Affairs and Housing.

Basis of accounting and restriction on use

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

Port Colborne, Canada
July 19, 2011

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

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

As at December 31, 2010

	<u>Cemetery Care and Maintenance</u>	<u>Mausoleum Care and Maintenance</u>	<u>Monument and Marker Care</u>	<u>Total 2010</u>	<u>Total 2009</u>
Assets					
Cash	\$ 351,126	\$ 541,231	\$ 76,651	\$ 969,008	\$ 823,875
Accounts receivable		13,953		13,953	
Due from operating fund					1,000
Investments (Note 2)	<u>35,000</u>	<u>60,000</u>	<u> </u>	<u>95,000</u>	<u>194,944</u>
Accumulated surplus	<u>\$ 386,126</u>	<u>\$ 615,184</u>	<u>\$ 76,651</u>	<u>\$ 1,077,961</u>	<u>\$ 1,019,819</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, 2010

	<u>Cemetery Care and Maintenance</u>	<u>Mausoleum Care and Maintenance</u>	<u>Monument and Marker Care</u>	<u>Total 2010</u>	<u>Total 2009</u>
Revenue					
Marker fees			\$ 3,250	\$ 3,250	\$ 2,800
Sales of crypts/niches		\$ 41,968		41,968	30,041
Sale of plots	\$ 12,924			12,924	5,716
Interest	<u>4,819</u>	<u>6,854</u>	<u>601</u>	<u>12,274</u>	<u>17,717</u>
	17,743	48,822	3,851	70,416	56,274
Expenses					
Contributions to City operations	<u>4,819</u>	<u>6,854</u>	<u>601</u>	<u>12,274</u>	<u>17,717</u>
Annual surplus	12,924	41,968	3,250	58,142	38,557
Accumulated surplus					
Beginning of year	<u>373,202</u>	<u>573,216</u>	<u>73,401</u>	<u>1,019,819</u>	<u>981,262</u>
End of year	<u>\$ 386,126</u>	<u>\$ 615,184</u>	<u>\$ 76,651</u>	<u>\$ 1,077,961</u>	<u>\$ 1,019,819</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, 2010

1. Accounting policies

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

Significant aspects of the accounting policies adopted 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 recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable

(b) Investments

Investments are recorded at cost.

2. Investments

Trust fund investments of \$ 95,000 (2009 - \$ 194,944) have an estimated market value of \$ 95,000 (2009 - \$ 196,638). Investments consist of Canadian federal, provincial and municipal bonds and bank guaranteed investment certificates.



Financial Report

Thorold Public Library Board

December 31, 2010

Contents

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



Grant Thornton

Independent auditors' 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 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 of the Corporation of the City of Thorold** as at December 31, 2010 and the statements of operations, changes in net financial assets and cash flows for the year then ended.

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.

Auditors' 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 auditors' 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 Public Library Board of the Corporation of the City of Thorold 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, 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 Public Library Board of the Corporation of the City of Thorold as at December 31, 2010, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

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

Grant Thornton LLP

Port Colborne, Ontario
June 20, 2011

Chartered Accountants
Licensed Public Accountants

Thorold Public Library Board

Statement of Financial Position

As at December 31

2010

2009

Financial assets

Cash	\$ 30,064	\$ 21,091
Investments, at cost which approximates market	140,735	131,699
Receivables	18,194	2,872
Due from City of Thorold	<u>21,222</u>	<u>995</u>
	<u>210,215</u>	<u>156,657</u>

Liabilities

Payables and accruals	42,459	16,826
Future employment benefits (Note 3)	<u>144,445</u>	<u>127,590</u>
	<u>186,904</u>	<u>144,416</u>

Net financial assets

23,311 12,241

Non-financial assets

Tangible capital assets (Page 14)	<u>335,327</u>	<u>356,777</u>
-----------------------------------	----------------	----------------

Accumulated surplus (Note 4)

\$ 358,638 \$ 369,018

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, 2010

	Budget 2010 (Unaudited)	Actual 2010	Actual 2009
Revenue			
Municipal contribution	\$ 473,000	\$ 473,000	\$ 463,000
Development charges	7,000	7,000	7,000
Grants (Note 6)	32,400	68,272	36,943
Other (Note 7)	<u>23,700</u>	<u>22,018</u>	<u>23,543</u>
	<u>536,100</u>	<u>570,290</u>	<u>530,486</u>
Expenses			
Administration	15,700	16,747	16,045
Amortization		92,746	92,294
Books, periodicals, and newspapers	5,100	4,283	4,683
Insurance	3,300	3,155	3,324
Programs	2,000	1,349	1,996
Repairs and maintenance	26,000	29,374	27,980
Salaries, wages and benefits (Note 8)	385,000	385,605	381,665
Service contracts	10,000	9,026	8,902
Special project – 15 Million Initiative		35,537	
Supplies	5,000	5,609	5,363
Utilities	<u>22,000</u>	<u>19,477</u>	<u>20,798</u>
	<u>474,100</u>	<u>602,908</u>	<u>563,050</u>
Net revenues (expenses)	<u>62,000</u>	<u>(32,618)</u>	<u>(32,564)</u>
Other			
Grants and revenue related to capital			
Municipal contribution	10,000	10,000	10,000
Grants (Note 6)	<u> </u>	<u>12,238</u>	<u>3,134</u>
	<u>10,000</u>	<u>22,238</u>	<u>13,134</u>
Annual surplus (deficit)	72,000	(10,380)	(19,430)
Accumulated surplus (Note 4)			
Beginning of year	<u>369,018</u>	<u>369,018</u>	<u>388,448</u>
End of year	<u>\$ 441,018</u>	<u>\$ 358,638</u>	<u>\$ 369,018</u>

See accompanying notes and schedule to the financial statements.

Thorold Public Library Board
Statement of Changes in Net Financial Assets

For the Year Ended December 31	2010	2009
Annual deficit	<u>\$ (10,380)</u>	<u>\$ (19,430)</u>
Amortization of tangible capital assets	92,746	92,294
Acquisition of tangible capital assets	<u>(71,296)</u>	<u>(60,606)</u>
	<u>21,450</u>	<u>31,688</u>
Use of prepaid expenses		<u>805</u>
Increase in net financial assets	11,070	13,063
Net financial assets (debt)		
Beginning of year	<u>12,241</u>	<u>(822)</u>
End of year	<u>\$ 23,311</u>	<u>\$ 12,241</u>

See accompanying notes and schedule to the financial statements.

Thorold Public Library Board

Statement of Cash Flows

For the Year Ended December 31

2010

2009

Increase (decrease) in cash and cash equivalents

Operating

Annual deficit	\$ (10,380)	\$ (19,430)
Non-cash items		
Amortization	92,746	92,294
Decrease (increase) in receivables	(15,322)	2,956
Decrease (increase) in due from City of Thorold	(20,227)	4,158
Increase (decrease) in payables and accruals	25,633	(7,246)
Increase in post-employment benefits	16,855	5,889
Decrease in prepaid expenses		805
	<u>89,305</u>	<u>79,426</u>

Investing

Increase in investments	(9,036)	(13,918)
Acquisition of tangible capital assets	<u>(71,296)</u>	<u>(60,606)</u>
	<u>(80,332)</u>	<u>(74,524)</u>

Net increase in cash and cash equivalents

8,973

4,902

Cash and cash equivalents

Beginning of year	<u>21,091</u>	<u>16,189</u>
End of year	<u>\$ 30,064</u>	<u>\$ 21,091</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, 2010

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 board are as follows:

(a) Basis of accounting

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

(b) Reporting entity

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

(c) Budget figures

The budget approved by the Library for 2010 is reflected on the Statement of Operations. The budget established for 2010 included amounts for capital expenses, however starting in 2009 these expenses have been recorded as tangible capital asset additions. The budget figures do not include amounts for amortization of tangible capital assets.

(d) Cash and cash equivalents

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

(e) Tangible capital assets

(i) Determination of costs

Tangible capital assets are recorded to reflect the cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed or donation 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, 2010

2. Significant accounting policies (continued)

(e) Tangible capital assets (continued)

(ii) Amortization

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

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

Amortization begins the first of the month following the acquisition. Assets under construction are not amortized until the asset is available for productive use.

(f) Deferred revenue

Deferred revenue is comprised of the unspent portion of grants.

(g) 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.

(h) 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.

(i) 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, 2010

2. Significant accounting policies (continued)

(j) 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. Future employment benefits	<u>2010</u>	<u>2009</u>
Accrued vacation pay	\$ 14,942	\$ 13,851
Accumulated sick leave	82,890	70,424
Post-employment benefits	<u>46,613</u>	<u>43,315</u>
	<u>\$ 144,445</u>	<u>\$ 127,590</u>

(a) Accrued vacation pay

As at December 31, 2010, employees of the Library have accumulated vacation pay credits in the amount of \$ 14,942 (2009 - \$ 13,851). 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, 2010 is \$ 32,290 (2009 - \$ 30,198).

Thorold Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2010

3. Future employment benefits (continued)

(b) Accumulated sick leave and post-employment benefits (continued)

Defined benefit plan information:	<u>2010</u>	<u>2009</u>
Accrued benefit obligation:		
Beginning of year	\$ 147,254	\$ 140,610
Benefit expense	4,553	4,251
Interest accrued	7,827	7,021
Benefits adjustment	4,602	(4,602)
Benefits paid	<u>(26)</u>	<u>(26)</u>
End of year	<u>\$ 164,210</u>	<u>\$ 147,254</u>
Funded status:		
Employment benefit plan liabilities	\$ 164,210	\$ 147,254
Unamortized net actuarial loss	<u>(34,707)</u>	<u>(33,515)</u>
Employee benefit plan liability	<u>\$ 129,503</u>	<u>\$ 113,739</u>
The accrued benefit obligation consists of the following:		
Accumulated sick leave	\$ 82,890	\$ 70,424
Other post-employment	<u>46,613</u>	<u>43,315</u>
	<u>\$ 129,503</u>	<u>\$ 113,739</u>

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 2% in 2008 and thereafter.

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

Medical costs – Medical costs were assumed to increase at 4% per year.

Dental costs – Dental costs were assumed to increase at 4% per year.

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

Thorold Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2010

4. Accumulated surplus	<u>2010</u>	<u>2009</u>
Operating deficit	\$ (69,999)	\$ (78,747)
Reserves (Note 5)	93,310	90,988
Investment in tangible capital assets	<u>335,327</u>	<u>356,777</u>
	<u>\$ 358,638</u>	<u>\$ 369,018</u>

5. Reserves	<u>2010</u>	<u>2009</u>
Reserves set aside for specific purposes		
Sick pay reserve	\$ 32,290	\$ 30,198
Pay equity reserve	<u>35,875</u>	<u>35,745</u>
	68,165	65,943
Reserve funds set aside for specific purposes		
Expansion fund	<u>25,145</u>	<u>25,045</u>
	<u>\$ 93,310</u>	<u>\$ 90,988</u>
Balance, beginning of year	\$ 90,988	\$ 87,863
Interest income	322	1,125
Funds contributed from operations	<u>2,000</u>	<u>2,000</u>
Balance, end of year	<u>\$ 93,310</u>	<u>\$ 90,988</u>

Thorold Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2010

6. Grants	Budget 2010 (Unaudited)	Actual 2010	Actual 2009
Operating			
Province of Ontario			
Unconditional grant	\$ 29,700	\$ 29,684	\$ 29,684
Pay equity	2,700	2,744	2,744
15 Million Initiative – IT support		32,954	
Federal			
HRDC summer student	_____	2,890	4,515
	<u>32,400</u>	<u>68,272</u>	<u>36,943</u>
Capital			
Province of Ontario			
15 Million Initiative		12,238	3,134
	<u>\$ 32,400</u>	<u>\$ 80,510</u>	<u>\$ 40,077</u>
<hr/>			
7. Other revenue	Budget 2010 (Unaudited)	Actual 2010	Actual 2009
Operating			
Fines and fees	\$ 15,100	\$ 14,643	\$ 15,326
Interest	2,500	122	306
Interest - reserves		322	1,125
Photocopier fees	1,200	1,321	1,354
Miscellaneous	4,900	5,610	5,432
	<u>\$ 23,700</u>	<u>\$ 22,018</u>	<u>\$ 23,543</u>
<hr/>			
8. Salaries, wages and benefits	Budget 2010 (Unaudited)	Actual 2010	Actual 2009
Salaries and wages	\$ 313,000	\$ 317,575	\$ 314,781
Benefits	72,000	68,030	66,884
	<u>\$ 385,000</u>	<u>\$ 385,605</u>	<u>\$ 381,665</u>

Thorold Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2010

9. 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 6.4% to 13.1% depending on the proposed retirement age and the level of earnings. As a result \$ 19,379 (2009 - \$ 19,062) was contributed to OMERS for current service, of which \$ 9,690 (2009 - \$ 9,531) represents the employees' portion.

10. 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.

Thorold Public Library Board Schedule of Tangible Capital Assets

Cost	Books	DVDs	Office Equipment	Furniture and Equipment	Building Improvements	Computer	2010	2009
Beginning of year	\$ 384,970	\$ 12,626	\$ 17,596	\$ 7,317	\$ 86,407	\$ 99,883	\$ 608,799	\$ 604,184
Add additions during the year	53,107	3,958		7,441		6,790	71,296	60,606
Less disposals during the year	<u>(54,573)</u>	<u>(4,729)</u>				<u>(56,679)</u>	<u>(115,981)</u>	<u>(55,991)</u>
End of year	<u>383,504</u>	<u>11,855</u>	<u>17,596</u>	<u>14,758</u>	<u>86,407</u>	<u>49,994</u>	<u>564,114</u>	<u>608,799</u>
Accumulated amortization								
Beginning of year	163,911	4,501	5,571	732	13,195	64,112	252,022	215,719
Add amortization during the year	54,996	4,208	3,519	732	4,320	24,971	92,746	92,294
Less amortization on disposals	<u>(54,573)</u>	<u>(4,729)</u>				<u>(56,679)</u>	<u>(115,981)</u>	<u>(55,991)</u>
End of year	<u>164,334</u>	<u>3,980</u>	<u>9,090</u>	<u>1,464</u>	<u>17,515</u>	<u>32,404</u>	<u>228,787</u>	<u>252,022</u>
Net book value	<u>\$ 219,170</u>	<u>\$ 7,875</u>	<u>\$ 8,506</u>	<u>\$ 13,294</u>	<u>\$ 68,892</u>	<u>\$ 17,590</u>	<u>\$ 335,327</u>	<u>\$ 356,777</u>



Financial Report

Thorold Business Improvement Area

2010

Contents

	Page
Independent Auditors' 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 auditors' 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 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, 2010, and the statements of operations and changes in net financial assets for the year then ended.

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.

Auditors' 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 auditors' 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, 2010, 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.

Other matter

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

Grant Thornton LLP

Port Colborne, Ontario
July 12, 2011

Chartered Accountants
Licensed Public Accountants

Thorold Business Improvement Area Statement of Financial Position

As at December 31	2010	2009
Net financial assets		
Due from City of Thorold	\$ 7,667	\$ 9,523
Non-financial assets		
Tangible capital assets (Note 3)	<u>8,533</u>	<u> </u>
Accumulated surplus (Note 4)	<u>\$ 16,200</u>	<u>\$ 9,523</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, 2010

	Budget 2010 (Unaudited)	<u>2010</u>	<u>2009</u>
Revenues			
Requisition from City of Thorold			
Tax levy	\$ 36,000	\$ 36,000	\$ 36,000
Supplementals			1,908
Writeoffs		<u>395</u>	
	<u>36,000</u>	<u>35,605</u>	<u>37,908</u>
Expenses			
Administration	19,900	13,502	12,981
Advertising and promotion	6,100	5,132	1,561
Amortization		294	
Maintenance	<u>10,000</u>	<u>10,000</u>	<u>13,316</u>
	<u>36,000</u>	<u>28,928</u>	<u>27,858</u>
Annual surplus	Nil	6,677	10,050
Accumulated surplus (deficit)			
Beginning of year	<u>9,523</u>	<u>9,523</u>	<u>(527)</u>
End of year	<u>\$ 9,523</u>	<u>\$ 16,200</u>	<u>\$ 9,523</u>

See accompanying notes to the financial statements.

Thorold Business Improvement Area
Statement of Changes in Net Financial Assets

For the Year Ended December 31	2010	2009
Annual surplus	<u>\$ 6,677</u>	<u>\$ 10,050</u>
Amortization of tangible capital assets	294	
Acquisition of tangible capital assets	<u>(8,827)</u>	
	<u>(8,533)</u>	
Increase (decrease) in net financial assets	(1,856)	10,050
Net financial assets		
Beginning of year	<u>9,523</u>	<u>(527)</u>
End of year	<u>\$ 7,667</u>	<u>\$ 9,523</u>

See accompanying notes to the financial statements.

Thorold Business Improvement Area

Notes to the Financial Statements

December 31, 2010

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.

Budget figures

The budget approved by the Board for 2010 is reflected on the statement of operations. The budget established for 2010 included amounts for capital expenditures, however starting in 2009 these expenditures are being recorded as tangible capital asset additions. The budget figures do not include amounts for amortization of tangible capital assets.

Tangible capital assets

(i) Determination of costs

Tangible capital assets are recorded at cost. Cost includes 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.

(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.

Decorations

5 years

Amortization is charged in the year of acquisition beginning in the month subsequent to asset purchase.

Thorold Business Improvement Area

Notes to the Financial Statements

December 31, 2010

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance with 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 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.

3. Tangible capital assets	<u>2010</u>
Decorations	
Cost, beginning of year	\$ Nil
Add additions during the year	8,827
Less disposals during the year	<u>-</u>
Cost, end of year	<u>8,827</u>
Accumulated amortization, beginning of year	Nil
Add amortization during the year	<u>294</u>
Accumulated amortization, end of year	<u>294</u>
Net book value	<u>\$ 8,533</u>

4. Accumulated surplus	<u>2010</u>	<u>2009</u>
Operating surplus	\$ 7,667	\$ 9,523
Investment in tangible capital assets	<u>8,533</u>	<u>-</u>
	<u>\$ 16,200</u>	<u>\$ 9,523</u>

Thorold Business Improvement Area

Notes to the Financial Statements

December 31, 2010

5. 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.

6. 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.