Grant Thornton

Financial Report

Corporation of the City of Thorold

2009

Contents

Grant Thornton

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, 2009 and the consolidated statements of operations, changes in net financial assets and cash flows 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, 2009 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
September 20, 2010

Chartered Accountants
Licensed Public Accountants

Corporation of the City of Thorold
Consolidated Statement of Financial Position
As at December 31, 2009

	2009	2008 (As restated) (Note 1(b))
Financial assets		
Cash and temporary investments (Note 2)	**$ 21,052,105**	$ 19,364,045
Long term investments (Note 3)	**11,381,041**	11,462,113
Taxes receivable (Note 4)		
Current year	**753,141**	820,873
Prior years	**1,573,017**	1,130,789
User charges receivable	**1,140,939**	1,225,521
Other receivables	**1,412,195**	626,493
	37,312,438	34,629,834
Liabilities		
Accounts payable and accrued liabilities	**4,634,043**	3,154,190
Deferred revenue – obligatory reserve funds (Note 5)	**577,959**	853,917
Deferred revenue – other	**5,153**	5,153
Post-employment benefits (Note 6)	**1,913,185**	1,822,313
Landfill liability (Note 7)	**2,710,465**	2,470,124
Long term liabilities (Note 8)	**1,586,299**	1,935,301
	11,427,104	10,240,998
Net financial assets	**25,885,334**	24,388,836
Non-financial assets		
Tangible capital assets (Note 9)	**80,745,169**	75,445,971
Inventory and prepaid expenses	**97,714**	96,710
Accumulated surplus (Note 10)	**$ 106,728,217**	$ 99,931,517

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 Operations

For the Year Ended December 31, 2009

	Budget 2009 (Unaudited)	**Actual 2009**	Actual 2008 (As restated) (Note 1(b))
Revenue			
Taxation (Note 13)	$ 10,178,990	**$ 10,083,100**	$ 10,015,511
User fees and charges (Note 15)	6,841,400	**6,263,886**	6,155,624
Grants (Note 16)	751,193	**878,108**	884,136
Other (Note 17)	1,559,209	**1,555,677**	1,886,403
	19,330,792	**18,780,771**	18,941,674
Expenditures			
General government	984,322	**1,144,224**	961,896
Protection to persons and property	3,865,700	**3,603,016**	3,193,473
Transportation services	3,455,446	**3,724,640**	2,819,399
Environmental services	6,799,961	**6,654,870**	4,245,821
Health services	682,323	**664,274**	659,739
Social and family services	52,018	**46,002**	66,155
Recreation and culture services	2,296,186	**2,920,924**	3,048,674
Planning and development	723,160	**705,388**	816,752
	18,859,116	**19,463,338**	15,811,909
Net revenues (expenditures)	471,676	**(682,567)**	3,129,765
Other			
Revenue related to tangible capital assets			
User fees and charges (Note 15)	888,083	**464,271**	562,755
Grants (Note 16)	456,100	**6,999,932**	5,453,594
Other (Note 17)		**11,811**	998,024
Gain (loss) on disposal of tangible capital assets		**3,253**	(13,771)
	1,344,183	**7,479,267**	7,000,602
Annual surplus	1,815,859	**6,796,700**	10,130,367
Accumulated surplus (Note 10)			
Beginning of year	99,931,517	**99,931,517**	89,801,150
End of year	$ 101,747,376	**$ 106,728,217**	$ 99,931,517

See accompanying notes 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	**2009**	2008
Annual surplus	**$ 6,796,700**	$ 10,130,367
Amortization of tangible capital assets	**3,101,373**	2,926,839
Acquisition of tangible capital assets	**(8,407,008)**	(8,263,966)
Proceeds on disposal of tangible capital assets	**9,690**	18,849
Loss (gain) on disposal of tangible capital assets	**(3,253)**	13,771
	1,497,502	4,825,860
Use (acquisition) of inventory and prepaid expenses	**(1,004)**	854
Increase in net financial assets	**1,496,498**	4,826,714
Net financial assets		
Beginning of year	**24,388,836**	19,562,122
End of year	**$ 25,885,334**	$ 24,388,836

See accompanying notes to the consolidated financial statements.

Corporation of the City of Thorold
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2009

	2009	2008 (As restated) (Note 1(b))
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus	**$ 6,796,700**	$ 10,130,367
Non-cash items		
Amortization of tangible capital assets	**3,101,373**	2,926,839
Loss (gain) on disposal of tangible capital assets	**(3,253)**	13,771
Increase in taxes receivable	**(374,496)**	(325,630)
Decrease in user charges receivable	**84,582**	100,101
Increase in other receivables	**(785,702)**	(225,363)
Increase in accounts payable and accrued liabilities	**1,479,853**	423,114
Increase (decrease) in deferred revenue – obligatory	**(275,958)**	128,228
Decrease in deferred revenue – other		(30,352)
Increase in employee benefit obligations	**90,872**	134,913
Increase (decrease) in landfill liability	**240,341**	(790,079)
Decrease (increase) in inventory and prepaid expenses	**(1,004)**	854
	10,353,308	12,486,763
Capital activities		
Proceeds on disposal of tangible capital assets	**9,690**	18,849
Acquisition of tangible capital assets, net of construction in process capitalized	**(8,407,008)**	(8,263,966)
	(8,397,318)	(8,245,117)
Investing activities		
Decrease in investments	**81,072**	1,713,567
Financing activities		
Repayment of long term debt	**(349,002)**	(332,094)
Net increase in cash and cash equivalents	**1,688,060**	5,623,119
Cash and cash equivalents		
Beginning of year	**19,364,045**	13,740,926
End of year	**$ 21,052,105**	$ 19,364,045

See accompanying notes to the consolidated financial statements.

1. Significant accounting policies

The consolidated financial statements of the City of Thorold ("the Municipality") 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 financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds, and changes in investment in tangible capital assets 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.

(b) Basis of accounting

Effective January 1, 2009, the Municipality adopted the Public Sector Accounting Handbook (PSAB) Section 1200 – Financial Statement Presentation, which became applicable to local governments as of that date. This section requires the adoption of full accrual basis of accounting and the reporting of the change in net financial assets and accumulated surplus. The Municipality's financial statements are now presented on this new basis and the comparative figures have been restated to conform with the new basis of presentation.

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.

Effective January 1, 2009, the Municipality adopted the PSAB Section 3150 – Tangible Capital Assets. The Municipality has recorded its tangible capital assets for 2009, as well as 2008 for comparative purposes.

1. Significant accounting policies (continued)

(b) Basis of accounting (continued)

The effect of the adoption of Sections 1200 and 3150 to the previously reported financial statements is as follows:

	2009	2008
Accumulated surplus		
Beginning of year		
As previously reported as municipal position	**$ 24,784,503**	$ 19,958,642
Add recording of tangible capital assets	**75,445,971**	70,141,465
Less reversal of loan between reserves and deferred revenue	**(298,957)**	(298,957)
As restated	**$ 99,931,517**	$ 89,801,150

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

(c) Budget figures

The budget for 2009 is reflected on the consolidated statement of operations. The budget established for 2009 included amounts for capital expenditures, however starting in 2009 these expenditures have been recorded as tangible capital asset additions. The budget figures do not include amounts for amortization of tangible capital assets.

(d) Cash and temporary investments

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

(e) Investments

Investments are recorded at cost.

(f) 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 deferred revenues. When qualifying expenditures are incurred, deferred revenues are recognized as 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.

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

(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 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. 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 statement of operations as "other revenue".

Amortization is based on the following classifications and useful lives:

Classification	Useful Life
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.

1. Significant accounting policies (continued)

(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) Local improvements

The Municipality records tangible capital assets funded by local improvement agreements as they are incurred. Prior to 2009, revenues were recognized over the term of the local improvement agreements as they were collected. Effective January 1, 2009, revenues are recognized in the year they become receivable.

(k) Inventory

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

(l) 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.

(m) 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.

(n) 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.

(o) 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 accumulated surplus of these financial statements.

(p) Use of estimates and measurement uncertainty

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.

2. Cash and temporary investments

	2009	2008
Cash and temporary investments are comprised of:		
Cash on hand and in banks	**$ 17,501,941**	$ 17,382,165
Temporary investments	**3,550,164**	1,981,880
	$ 21,052,105	$ 19,364,045

3. Long term investments

Long term investments reported on the Consolidated Statement of Financial Position have a market value of $ 11,708,455 (2008 - $ 11,815,903). Long term investments consist of Canadian federal, provincial and municipal bonds and bank guaranteed investment certificates.

4. 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 $ 432,534 (2008 - $ 479,546).

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

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:

	2009	2008
Park land	$ 166,082	$ 163,531
Tree planting	21,543	38,758
Gas tax	464,272	352,671
Development charges	(73,938)	298,957
	$ 577,959	$ 853,917

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

	2009	2008
Balance, beginning of year	$ 853,917	$ 725,689
Contributions from		
Development Charges Act and recreational land (the Planning Act)	104,066	89,721
Interest earned (paid)	(766)	159
Gas tax grants		
Federal	586,436	293,218
Provincial	44,033	107,928
Other revenue	26,734	92,929
Total revenue	760,503	583,955
Utilized for		
Operations	(42,755)	(28,055)
Tangible capital asset acquisitions	(986,706)	(427,672)
Library operations	(7,000)	
	(1,036,461)	(455,727)
Balance, end of year	$ 577,959	$ 853,917

6. Post-employment benefits

	2009	2008
Accrued vacation pay	**$ 355,828**	$ 317,186
Accumulated sick leave	**686,616**	664,207
Post-employment benefits	**870,741**	840,920
	1,557,357	1,505,127
	$ 1,913,185	$ 1,822,313

Accrued vacation pay

As at December 31, 2009, employees of the Municipality have accumulated vacation pay credits in the amount of $ 355,828 (2008 - $ 317,186). 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, 2009 of $ 1,557,357 (2008 - $ 1,505,127) 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, 2009 is $ 702,414 (2008 - $ 687,811).

	2009	2008
Accrued benefit obligation:		
Beginning of year	**$ 1,744,577**	$ 1,477,802
Actuarial adjustment		159,717
Benefit expense	**83,646**	74,221
Interest accrued	**85,854**	90,374
Benefits paid	**(138,602)**	(57,537)
End of year	**$ 1,775,475**	$ 1,744,577
Funded status:		
Employment benefit plan liabilities	**$ 1,775,475**	$ 1,744,577
Unamortized net actuarial loss	**(218,118)**	(239,450)
Employee benefit plan liability	**$ 1,557,357**	$ 1,505,127
The accrued benefit obligation consists of the following:		
Accumulated sick leave	**$ 686,616**	$ 664,207
Other post-employment	**870,741**	840,920
	$ 1,557,357	$ 1,505,127

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 2009 budget and inflation adjusted at 1.07% per annum. These costs were then discounted to December 31, 2009 using a discount rate of 4.93%. 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, 2009 is $ 2,710,465 (2008 - $ 2,470,124). Additional expenditures for post-closure care recorded in 2009 were in the amount of $ 399,064 (2008 - $ Nil). Expenditures for post-closure care in 2009 were reduced in the amount of $ Nil (2008 - $ 636,913).

8. Long term liabilities

		2009	2008
(a)	Total long term liabilities incurred or assumed by the Municipality and outstanding at the end of the year amount to	**$ 49,206**	$ 61,931
	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	**1,537,093**	1,873,370
	Net long term liabilities, end of year	**$ 1,586,299**	$ 1,935,301

(b) The long term liabilities in (a) are at interest rates ranging from 4.70% to 5.35%.

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

2010	$ 74,036
2011	533,203
2012	59,513
2013	50,606
2014	48,106

(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 Operations are as follows:

	2009	2008
Principal	**$ 349,002**	$ 332,094
Interest	**91,144**	107,756
	$ 440,146	$ 439,850

9. Tangible capital assets

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

	2009	2008
Land	$ 2,249,499	$ 2,249,499
Land improvements	3,348,096	3,653,557
Buildings	7,660,257	7,873,792
Machinery and equipment	1,886,627	1,793,123
Vehicles	2,088,472	1,762,795
	17,232,951	17,332,766
Infrastructure		
Transportation	17,863,482	18,091,434
Storm sewers	7,130,602	7,318,959
Sanitary sewers	13,486,786	13,759,492
Infrastructure water	14,259,652	14,603,413
Landfill		403
	52,740,522	53,773,701
Construction in process	10,771,696	4,339,504
	$ 80,745,169	$ 75,445,971

See pages 25 and 26 for more detail.

10. Accumulated surplus

	2009	2008
Operating surplus	$ 3,967,761	$ 1,194,273
Investment in tangible capital assets	80,745,169	75,445,971
Reserves and reserve funds (Note 11)	28,225,236	29,519,011
Unfunded liabilities (Note 12)	(6,209,949)	(6,227,738)
	$ 106,728,217	$ 99,931,517

The operating surplus of the Municipality available for the general reduction of taxation or user charges has been increased by an amount of $ 220,458 (2008 - $ 104,080); transferred from the reserve for industrial development as authorized by Council. Had this transfer not been made the operating surplus would have been $ 3,747,302 (2008 - $ 1,090,193).

Corporation of the City of Thorold
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2009

11. Reserves and reserve funds

	2009	2008
Reserves set aside by Council for specific purposes:		
Municipal development	$ **332,785**	$ 366,177
Working funds (Uncollectible taxes)	**510,000**	510,000
Equipment replacement	**590,006**	960,043
Accumulated sick leave	**702,414**	687,811
Computer	**63,768**	53,871
Election	**55,997**	53,768
Grant stabilization	**336,213**	854,680
Sewage capital	**3,705,901**	4,562,287
Water capital	**1,959,930**	1,736,188
Insurance deductible	**222,732**	208,509
Swimming pool		94,000
Industrial development	**734,039**	746,496
Pay equity	**164,048**	163,532
Encumbrances	**299,665**	322,075
Total reserves	**9,677,498**	11,319,437
Reserve funds set aside by Council for specific purposes:		
Hospital expansion	**598,345**	300,627
Transit	**138,333**	138,333
Arena building	**239,753**	230,401
Library expansion	**27,635**	27,285
Hydro proceeds	**17,104,368**	17,144,872
Mausoleum and cemetery improvements	**151,337**	151,760
Municipal land and building	**198,262**	147,308
Port Robinson transportation	**41,621**	26,080
Thorold pre-recreation (Mel Swart Park)	**45,910**	30,748
Thorold South Community Centre building	**2,174**	2,160
Total reserve funds	**18,547,738**	18,199,574
	$ 28,225,236	$ 29,519,011

11. Reserves and reserve funds (continued)

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

	2009	2008
Balance, beginning of year	**$ 29,519,011**	$ 28,599,819
Contributions from		
Investment income	**569,970**	752,010
Capital grants		879,548
Operating grants		138,333
User charges	**95,549**	147,423
Other revenue	**50,942**	79,492
	716,461	1,996,806
Provided from operations	**964,395**	1,423,156
Utilized for tangible capital asset acquisitions	**(2,974,200)**	(2,500,770)
Utilized for library operations	**(431)**	
	(2,010,236)	(1,077,614)
Balance, end of year	**$ 28,225,236**	$ 29,519,011

12. Unfunded liabilities

	2009	2008
Post-employment benefits	**$ 1,913,185**	$ 1,822,313
Landfill liability	**2,710,465**	2,470,124
Long term liabilities	**1,586,299**	1,935,301
	$ 6,209,949	$ 6,227,738

13. Taxation

	Budget 2009 (Unaudited)	**Actual 2009**	Actual 2008
Real property		**$ 28,449,096**	$ 28,326,364
From other governments			
Payments in lieu of taxes		**1,104,267**	1,130,028
		29,553,363	29,456,392
Less: taxation collected on behalf of (Note 14)			
Region of Niagara		**12,655,831**	12,453,152
School boards		**6,814,432**	6,987,729
		19,470,263	19,440,881
Net taxes available for municipal purposes		**$ 10,083,100**	$ 10,015,511
Residential, multi-residential and farm	$ 7,245,202	**$ 7,192,037**	$ 7,009,458
Commercial and industrial	2,933,788	**2,891,063**	3,006,053
Net taxes available for municipal purposes	$ 10,178,990	**$ 10,083,100**	$ 10,015,511

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:

	2009	2008
Region of Niagara	**$ 12,655,831**	$ 12,453,152
School boards	**6,814,432**	6,987,729
	$ 19,470,263	$ 19,440,881

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, 2009

15. User fees and charges

	Budget 2009 (Unaudited)	**Actual 2009**	Actual 2008
Operating			
Fees and service charges	$ 799,517	**$ 788,654**	$ 978,100
Water charges	2,957,795	**2,704,798**	2,555,482
Sewer charges	2,810,422	**2,564,467**	2,455,293
Licences and permits	273,666	**198,967**	141,749
Development charges		**7,000**	25,000
	6,841,400	**6,263,886**	6,155,624
Capital			
Development charges	888,083	**464,271**	562,755
	$ 7,729,483	**$ 6,728,157**	$ 6,718,379

16. Grants

	Budget 2009 (Unaudited)	**Actual 2009**	Actual 2008
Operating			
Province of Ontario	$ 611,693	**$ 706,445**	$ 743,164
Government of Canada	92,000	**93,391**	91,462
Municipal	47,500	**78,272**	49,510
	751,193	**878,108**	884,136
Capital			
Province of Ontario		**4,035,042**	5,151,049
Government of Canada	456,100	**552,392**	293,218
Municipal		**2,412,498**	9,327
	456,100	**6,999,932**	5,453,594
	$ 1,207,293	**$ 7,878,040**	$ 6,337,730

17. Other revenue

	Budget 2009 (Unaudited)	**Actual 2009**	Actual 2008 (As restated) (Note 1(b))
Operating			
Penalties and interest on taxes	$ 450,250	**$ 584,664**	$ 419,414
Fines	42,000	**65,204**	64,720
Investment income	367,215	**258,807**	510,559
Investment income – reserves and reserve funds	656,009	**569,970**	752,010
Rental income	7,535	**7,934**	8,169
Donations		**6,450**	31,667
Transfer from cemetery and mausoleum care and maintenance trust funds	36,000	**17,716**	35,770
Other	200	**44,932**	64,094
	1,559,209	**1,555,677**	1,886,403
Capital			
Donations		**2,738**	23,090
Other		**9,073**	974,934
		11,811	998,024
	$1,559,209	**$ 1,567,488**	$ 2,884,427

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 $ 396,365 (2008 - $ 377,840) was contributed to OMERS for current service, of which $ 198,182 (2008 - $ 188,920) represents the employees' portion.

Under the past service provisions of OMERS, the Municipality is obligated as at December 31, 2009 for the amount of $ 49,206 (2008 - $ 61,931) and is currently reflected as part of net long term liabilities on the Consolidated Statement of Financial Position.

19. Trust funds

Trust funds administered by the Municipality amounting to $ 1,019,819 (2008 - $ 981,262) 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 expenditures

The estimated future capital expenditure commitments based on projects in progress at December 31, 2009 is approximately $ 5,807,000 (2008 - $ 6,311,000). 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 $ 469,392 per year. The contract expires on June 30, 2010 and is to be reviewed annually. The remaining commitment at December 31, 2009 was $ 224,868 (2008 - $ 214,261).

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:

2010	$ 5,176
2011	5,176
2012	550
2013	300
2014	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 $ 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.

22. Government transfers

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

	2009	2008
Revenue		
Ontario grants		
Ontario Municipal Partnership Fund	$ 387,000	$ 387,000
Ontario Power Generation	4,000,000	
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
Build Canada Funding	11,417	
Recreation and cultural	106,721	102,333
Infrastructure	20,491	
Transit – Provincial Gas Tax	208,334	280,398
Miscellaneous	7,524	11,637
	4,741,487	5,894,212
Federal grants		
Transit	70,000	70,000
Cemeteries	21,441	21,462
Build Canada Funding	11,417	
Infrastructure	20,491	
Gas tax	522,434	293,218
	645,783	384,680
Municipal grants		
Regional Municipality of Niagara		
Provincial Offences Act	47,897	49,510
Capital grants	2,412,498	9,327
Downtown facade program	15,000	
Miscellaneous	1,000	
	2,476,395	58,837
	$ 7,863,665	$ 6,337,729
Expenditures		
Charitable and non-profit organizations	$ 80,014	$ 70,880
Physician recruitment		10,000
	$ 80,014	$ 80,880

23. 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.

23. 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, 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**
Add 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	2,249,499	6,498,901	12,927,713	4,045,784	4,471,668	85,059,907	10,771,696	**126,025,168**
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		3,150,805	5,267,456	2,159,157	2,383,196	32,319,385		**45,279,999**
Net book value	$ 2,249,499	$ 3,348,096	$ 7,660,257	$ 1,886,627	$ 2,088,472	$ 52,740,522	$ 10,771,696	**$ 80,745,169**

Corporation of the City of Thorold
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2008

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Infrastructure (Note 9)	Construction in Process	2008
Cost								
Beginning of year	$ 2,206,488	$ 6,279,456	$ 12,920,653	$ 3,268,178	$ 4,009,312	$ 81,342,229	$ 638,204	**$ 110,664,520**
Add additions	43,011	192,626	37,751	751,630	48,011	3,489,637	3,701,300	**8,263,966**
Less disposals during the year			(27,544)	(290,760)	(40,197)	(254,942)		**(613,443)**
End 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**
Accumulated amortization								
Beginning of year		2,447,254	4,754,055	1,907,113	2,095,524	29,319,111		**40,523,057**
Add amortization during the year		371,271	307,208	317,690	199,004	1,731,666		**2,926,839**
Less amortization on disposals			(4,195)	(288,878)	(40,197)	(247,554)		**(580,824)**
End of year		2,818,525	5,057,068	1,935,925	2,254,331	30,803,223		**42,869,072**
Net book value	$ 2,249,499	$ 3,653,557	$ 7,873,792	$ 1,793,123	$ 1,762,795	$ 53,773,701	$ 4,339,504	**$ 75,445,971**

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	$ 5,771,072	$ 3,534,846	$ (1,050,917)	$ (1,143,788)	$ 549,047	$ 46,002	$ 1,879,324	$ 497,514	**$ 10,083,100**
User charges	282,345	14,848	50,511	5,269,265	71,710		873,331	166,147	**6,728,157**
Grants	389,950	53,322	4,721,112	2,529,393	21,441		121,095	41,727	**7,878,040**
Other	1,497,557		681		22,076		47,174		**1,567,488**
Gain on disposal of tangible capital assets			3,253						**3,253**
	7,940,924	3,603,016	3,724,640	6,654,870	664,274	46,002	2,920,924	705,388	**26,260,038**
Expenses									
Salaries and benefits	1,335,525	2,611,142	1,200,323	581,728	421,581	27,377	1,374,523	318,078	**7,870,277**
Operating materials and supplies	38,454	44,926	216,024	50,338	33,707	231	171,521	64,153	**619,354**
Contracted services	(502,172)	505,420	893,962	5,106,819	87,819	18,394	702,677	273,650	**7,086,569**
Rent and financial expenses	24,312	126,177	248,035	84,770	21,631		47,503	19,507	**571,935**
External transfers to others							92,690	30,000	**122,690**
Amortization	163,794	315,351	1,166,296	824,383	99,536		532,010		**3,101,370**
Debt service	84,311			6,832					**91,143**
	1,144,224	3,603,016	3,724,640	6,654,870	664,274	46,002	2,920,924	705,388	**19,463,338**
Annual surplus	$ 6,796,700	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	**$ 6,796,700**

Corporation of the City of Thorold
Consolidated Schedule of Segment Disclosure
For the year ended December 31, 2008
(As restated)
(Note 1(b))

	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	$ 7,819,775	$ 3,105,706	$ (255,650)	$ (4,075,065)	$ 364,921	$ 66,155	$ 2,322,916	$ 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		2,134	888,235	44,806		138,823	396	**2,884,427**
Loss on disposal of tangible capital assets			(13,771)						**(13,771)**
	11,092,263	3,193,473	2,819,399	4,245,821	659,739	66,155	3,048,674	816,752	**25,942,276**
Expenses									
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	(532,163)	471,411	(58,565)	2,765,344	50,266	36,986	765,437	365,410	**3,864,126**
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**
Amortization	168,229	283,994	1,024,410	790,963	98,212		561,031		**2,926,839**
Debt service	87,988			19,768					**107,756**
	961,896	3,193,473	2,819,399	4,245,821	659,739	66,155	3,048,674	816,752	**15,811,909**
Annual surplus	$ 10,130,367	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	**$ 10,130,367**

Corporation of the City of Thorold
Schedule of Segment Disclosure with Budget Information
For the Year Ended December 31, 2009

	Budget 2009 (Unaudited)	**Actual 2009**	Actual 2008 (As restated) (Note 1(b))
General government			
Revenue			
Taxation	$ (762,294)	**$ 5,771,072**	$ 7,819,775
User charges	308,083	**282,345**	195,273
Grants	387,000	**389,950**	1,267,182
Other	1,523,209	**1,497,557**	1,810,033
	1,455,998	**7,940,924**	11,092,263
Expenditures			
Salaries and benefits	1,238,924	**1,335,525**	1,167,483
Operating materials and supplies	40,420	**38,454**	42,728
Contracted services	(597,071)	**(502,172)**	(532,163)
Rent and financial expenses	31,500	**24,312**	27,631
Amortization	75,549	**163,794**	168,229
Debt service	195,000	**84,311**	87,988
	984,322	**1,144,224**	961,896
Net revenues	$ 471,676	**$ 6,796,700**	$ 10,130,367

	Budget 2009 (Unaudited)	**Actual 2009**	Actual 2008 (As restated) (Note 1(b))
Protection to persons and property			
Revenue			
Taxation	$ 3,803,600	**$ 3,534,846**	$ 3,105,706
User charges	14,600	**14,848**	38,257
Grants	47,500	**53,322**	49,510
	3,865,700	**3,603,016**	3,193,473
Expenditures			
Salaries and benefits	2,653,986	**2,611,142**	2,274,315
Operating materials and supplies	37,778	**44,926**	31,660
Contracted services	473,589	**505,420**	471,409
Rent and financial expenses	18,428	**126,177**	132,093
Amortization	681,919	**315,351**	283,996
	3,865,700	**3,603,016**	3,193,473
Net revenues	$ Nil	**$ Nil**	$ Nil

Corporation of the City of Thorold
Schedule of Segment Disclosure with Budget Information
For the Year Ended December 31, 2009

	Budget 2009 (Unaudited)	**Actual 2009**	Actual 2008 (As restated) (Note 1(b))
Transportation services			
Revenue			
Taxation	$ 3,186,433	**$ (1,050,917)**	$ (255,650)
User charges	5,000	**50,511**	43,301
Grants	264,013	**4,721,112**	3,043,385
Other		**681**	2,134
Gain (loss) on disposal of tangible capital assets		**3,253**	(13,771)
	3,455,446	**3,724,640**	2,819,399
Expenditures			
Salaries and benefits	1,252,012	**1,200,323**	1,382,068
Operating materials and supplies	247,518	**216,024**	267,278
Contracted services	883,231	**893,962**	(58,565)
Rent and financial expenses	189,840	**248,035**	204,208
Amortization	882,845	**1,166,296**	1,024,410
	3,455,446	**3,724,640**	2,819,399
Net revenues	$ Nil	**$ Nil**	$ Nil

	Budget 2009 (Unaudited)	**Actual 2009**	Actual 2008 (As restated) (Note 1(b))
Environmental services			
Revenue			
Taxation	$ 1,031,744	**$ (1,143,788)**	$ (4,075,065)
User charges	5,768,217	**5,269,265**	5,557,767
Grants		**2,529,393**	1,874,884
Other			888,235
	6,799,961	**6,654,870**	4,245,821
Expenditures			
Salaries and benefits	619,727	**581,728**	518,228
Operating materials and supplies	82,491	**50,338**	66,542
Contracted services	4,981,721	**5,106,819**	2,765,344
Rent and financial expenses	81,040	**84,770**	84,976
Amortization	742,982	**824,383**	790,963
Debt service	292,000	**6,832**	19,768
	6,799,961	**6,654,870**	4,245,821
Net revenues	$ Nil	**$ Nil**	$ Nil

Corporation of the City of Thorold
Schedule of Segment Disclosure with Budget Information
For the Year Ended December 31, 2009

	Budget 2009 (Unaudited)	**Actual 2009**	Actual 2008 (As restated) (Note 1(b))
Health services			
Revenue			
Taxation	$ 536,423	**$ 549,047**	$ 364,921
User charges	87,900	**71,710**	228,551
Grants	22,000	**21,441**	21,461
Other	36,000	**22,076**	44,806
	682,323	**664,274**	659,739
Expenditures			
Salaries and benefits	474,356	**421,581**	431,208
Operating materials and supplies	40,300	**33,707**	39,868
Contracted services	104,867	**87,819**	50,266
Rent and financial expenses	800	**21,631**	30,185
External transfers to others			10,000
Amortization	62,000	**99,536**	98,212
	682,323	**664,274**	659,739
Net revenues	$ Nil	**$ Nil**	$ Nil

	Budget 2009 (Unaudited)	**Actual 2009**	Actual 2008 (As restated) (Note 1(b))
Social and family services			
Revenue			
Taxation	$ 52,018	**$ 46,002**	$ 66,155
Expenditures			
Salaries and benefits	31,898	**27,377**	29,063
Operating materials and supplies	300	**231**	106
Contracted services	14,320	**18,394**	36,986
Amortization	5,500		
	52,018	**46,002**	66,155
Net revenues	$ Nil	**$ Nil**	$ Nil

Corporation of the City of Thorold
Schedule of Segment Disclosure with Budget Information
For the Year Ended December 31, 2009

	Budget 2009 (Unaudited)	**Actual 2009**	Actual 2008 (As restated) (Note 1(b))
Recreation and culture services			
Revenue			
Taxation	$ 1,778,256	**$ 1,879,324**	$ 2,322,916
User charges	487,250	**873,331**	514,954
Grants	30,680	**121,095**	71,981
Other		**47,174**	138,823
	2,296,186	**2,920,924**	3,048,674
Expenditures			
Salaries and benefits	1,442,801	**1,374,523**	1,362,207
Operating materials and supplies	67,092	**171,521**	195,891
Contracted services	522,482	**702,677**	765,437
Rent and financial expenses	1,650	**47,503**	89,212
External transfers to others	79,310	**92,690**	74,896
Amortization	182,851	**532,010**	561,031
	2,296,186	**2,920,924**	3,048,674
Net revenues	$ Nil	**$ Nil**	$ Nil

	Budget 2009 (Unaudited)	**Actual 2009**	Actual 2008 (As restated) (Note 1(b))
Planning and development			
Revenue			
Taxation	$ 552,810	**$ 497,514**	$ 666,753
User charges	170,350	**166,147**	140,276
Grants		**41,727**	9,327
Other			396
	723,160	**705,388**	816,752
Expenditures			
Salaries and benefits	326,177	**318,078**	372,472
Operating materials and supplies	68,753	**64,153**	54,041
Contracted services	211,605	**273,650**	365,410
Rent and financial expenses	2,000	**19,507**	666
External transfers to others	65,150	**30,000**	24,163
Amortization	49,475		
	723,160	**705,388**	816,752
Net revenues	$ Nil	**$ Nil**	$ Nil

Grant Thornton

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 trust funds of the Corporation of the City of Thorold as at December 31, 2009 and the consolidated statement of operations 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 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 consolidated financial statements present fairly, in all material respects, the financial position of the trust funds of the City as at December 31, 2009 and the results of their operations for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements.

Grant Thornton LLP

Port Colborne, Ontario
September 20, 2010

Chartered Accountants
Licensed Public Accountants

Corporation of the City of Thorold
Trust Funds
Consolidated Statement of Financial Position
As at December 31, 2009

Assets	Cemetery Care and Maintenance	Mausoleum Care and Maintenance	Monument and Marker Care	**Total 2009**	Total 2008
Cash	$ 288,230	$ 462,244	$ 73,401	**$ 823,875**	$ 719,539
Due from operating fund		1,000		**1,000**	1,932
Investments (Note 2)	84,972	109,972		**194,944**	259,791
Accumulated surplus	$ 373,202	$ 573,216	$ 73,401	**$ 1,019,819**	$ 981,262

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, 2009

	Cemetery Care and Maintenance	Mausoleum Care and Maintenance	Monument and Marker Care	**Total 2009**	Total 2008
Revenue					
Marker fees			2,800	**2,800**	2,950
Sales of crypts/niches		30,041		**30,041**	45,350
Sale of plots	5,716			**5,716**	9,500
Interest	7,556	9,187	974	**17,717**	35,799
	13,272	39,228	3,774	**56,274**	93,599
Expenditures					
Contributions to City operations	7,556	9,187	974	**17,717**	35,799
Annual surplus	5,716	30,041	2,800	**38,557**	57,800
Accumulated surplus					
Beginning of year	367,411	543,250	70,601	**981,262**	923,462
End of year	$ 373,127	$ 573,291	$ 73,401	**$ 1,019,819**	$ 981,262

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, 2009

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

(b) Investments

Investments are recorded at cost.

2. Investments

Trust fund investments of $ 194,944 (2008 - $ 259,791) have an estimated market value of $ 196,638 (2008 - $ 267,380). Investments consist of Canadian federal, provincial and municipal bonds and bank guaranteed investment certificates.

Grant Thornton

Financial Statements

Thorold Public Library Board

December 31, 2009

Contents

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Auditors' report

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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 Public Library Board** as at December 31, 2009 and the statements of operations, changes in net financial assets and cash flows 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 other revenue, net expenditures, net financial assets and accumulated surplus.

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, 2009 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, 2010

Grant Thornton LLP
Chartered Accountants
Licensed Public Accountants

Thorold Public Library Board
Statement of Financial Position
As at December 31, 2009

	2009	2008 (As restated) (Note 2(a))
Financial assets		
Cash	**$ 21,091**	$ 16,189
Investments, at cost which approximates market	**131,699**	117,781
Receivables	**2,872**	5,828
Due from City of Thorold	**995**	5,153
	156,657	144,951
Liabilities		
Payables and accruals	**16,826**	24,072
Future employment benefits (Note 3)	**127,590**	121,701
	144,416	145,773
Net financial assets (liabilities)	**12,241**	(822)
Non-financial assets		
Prepaid expenses		805
Tangible capital assets (Page 14)	**356,777**	388,465
	356,777	389,270
Accumulated surplus (Note 4)	**$ 369,018**	$ 388,448

On behalf of the Board

____________________ ____________________

See accompanying notes to the financial statements.

Thorold Public Library Board
Statement of Operations
For the Year Ended December 31, 2009

	Budget 2009 (Unaudited)	**Actual 2009**	Actual 2008 (As restated) (Note 2(a))
Revenue			
Municipal contribution	$ 463,000	**$ 463,000**	$ 454,000
Development charges	15,000	**7,000**	15,000
Grants (Note 6)	29,700	**36,943**	39,840
Other (Note 7)	27,500	**23,543**	29,392
	535,200	**530,486**	538,232
Expenditures			
Administration	18,300	**16,045**	14,916
Amortization		**92,294**	86,945
Books, periodicals, and newspapers	63,800	**4,683**	4,636
Furniture, fixtures and equipment	40,000		
Insurance	3,200	**3,324**	3,184
Programs	2,000	**1,996**	2,137
Repairs and maintenance	29,000	**27,980**	27,513
Salaries, wages and benefits (Note 8)	378,000	**381,665**	372,287
Service contracts	9,300	**8,902**	1,859
Supplies	5,300	**5,363**	5,350
Utilities	23,800	**20,798**	23,014
	572,700	**563,050**	541,841
Net expenditures	(37,500)	**(32,564)**	(3,609)
Other			
Grants and revenue related to capital			
Municipal contribution	10,000	**10,000**	10,000
Grants (Note 6)	33,000	**3,134**	30,352
	43,000	**13,134**	40,352
Annual surplus (deficit)	5,500	**(19,430)**	36,743
Accumulated surplus (Note 4)			
Beginning of year	388,448	**388,448**	351,705
End of year	$ 393,948	**$ 369,018**	$ 388,448

See accompanying notes to the financial statements.

Thorold Public Library Board
Statement of Changes in Net Financial Assets

For the Year Ended December 31

	2009	2008
Annual surplus (deficit)	**$ (19,430)**	$ 36,743
Amortization of tangible capital assets	**92,294**	86,945
Acquisition of tangible capital assets	**(60,606)**	(123,498)
	31,688	(36,553)
Use (acquisition) of prepaid expenses	**805**	(805)
Increase (decrease) in net financial assets	**13,063**	(615)
Net financial assets (liabilities)		
Beginning of year	**(822)**	(207)
End of year	**$ 12,241**	$ (822)

See accompanying notes to the financial statements.

Thorold Public Library Board
Statement of Cash Flows
For the Year Ended December 31, 2009

	2009	2008 (As restated) (Note 2(a))
Increase (decrease) in cash and cash equivalents		
Operating		
Annual surplus (deficit)	$ (19,430)	$ 36,743
Non-cash items		
Amortization	92,294	86,945
Decrease (increase) in receivables	2,956	(1,067)
Decrease (increase) in due from City of Thorold	4,158	(2,655)
Decrease in payables and accruals	(7,246)	(9,912)
Decrease in deferred revenue		(30,352)
Increase in post-employment benefits	5,889	3,094
Decrease (increase) in prepaid expenses	805	(805)
	79,426	81,991
Investing		
Decrease (increase) in investments	(13,918)	43,226
Acquisition of tangible capital assets	(60,606)	(123,498)
	(74,524)	(80,272)
Net increase in cash and cash equivalents	4,902	1,719
Cash and cash equivalents		
Beginning of year	16,189	14,470
End of year	$ 21,091	$ 16,189

See accompanying notes to the financial statements.

Thorold Public Library Board
Notes to the Financial Statements
For the Year Ended December 31, 2009

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 generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the board are as follows:

(a) Basis of accounting

Effective January 1, 2009, the Library adopted the Public Sector Accounting Handbook (PSAB) Section 1200 – Financial Statement Presentation, which became applicable to local governments as of that date. This section requires the adoption of full accrual basis of accounting and the reporting of the change in net financial assets and accumulated surplus. The Library's financial statements are now presented on this new basis.

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.

Effective January 1, 2009, the Library adopted the PSAB Section 3150 – Tangible Capital Assets. The Library has recorded its tangible capital assets for 2009, as well as 2008 for comparative purposes.

The effect of the adoption of Section 1200 and 3150 to the previously reported financial statements is as follows:

	2009	2008
Accumulated surplus (deficit)		
Beginning of year		
As previously reported as Library position	**$ (17)**	$ (207)
Add recording of tangible capital assets	**388,465**	351,912
As restated	**$ 388,448**	$ 351,705

Certain comparative figures have been reclassified to conform to the current year financial statement presentation.

(b) Reporting entity

The financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances of the Library.

2. Significant accounting policies (continued)

(c) Budget figures

The budget approved by the Library for 2009 is reflected on the statement of operations. The budget established for 2009 included amounts for capital expenditures, however starting in 2009 these expenditures 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.

(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

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortization until the asset is available for productive use.

(f) Deferred revenue

Deferred revenue is comprised of the unspent portion of grants.

2. Significant accounting policies (continued)

(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 expenditures 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 expenditures

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

(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 expenditures 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

	2009	2008
Accrued vacation pay	$ 13,851	$ 13,415
Accumulated sick leave	70,424	66,216
Post-employment benefits	43,315	42,070
	$ 127,590	$ 121,701

(a) Accrued vacation pay

As at December 31, 2009, employees of the Library have accumulated vacation pay credits in the amount of $ 13,851 (2008 - $ 13,415). 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, 2009 is $ 30,198 (2008 - $ 27,922).

Defined benefit plan information:	2009	2008
Accrued benefit obligation:		
Beginning of year	$ 140,610	$ 138,661
Actuarial adjustment		(8,836)
Benefit expense	4,251	3,463
Interest accrued	7,021	8,376
Benefits paid	(4,628)	(1,054)
End of year	$ 147,254	$ 140,610
Funded status:		
Employment benefit plan liabilities	$ 147,254	$ 140,610
Unamortized net actuarial loss	(33,515)	(32,324)
Employee benefit plan liability	$ 113,739	$ 108,286
The accrued benefit obligation consists of the following:		
Accumulated sick leave	$ 70,424	$ 66,216
Other post-employment	43,315	42,070
	$ 113,739	$ 108,286

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 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.

4. Accumulated surplus

	2009	2008
Operating deficit	$ (78,747)	$ (87,880)
Reserves (Note 5)	90,988	87,863
Investment in tangible capital assets	356,777	388,465
	$ 369,018	$ 388,448

5. Reserves

	2009	2008
Reserves set aside for specific purposes		
Sick pay reserve	$ 30,198	$ 27,922
Pay equity reserve	35,745	35,229
	65,943	63,151
Reserve funds set aside for specific purposes		
Expansion fund	25,045	24,712
	$ 90,988	$ 87,863
Balance, beginning of year	$ 87,863	$ 80,871
Interest income	1,125	2,248
Funds contributed from operations	2,000	4,744
Balance, end of year	$ 90,988	$ 87,863

Thorold Public Library Board
Notes to the Financial Statements
For the Year Ended December 31, 2009

6. Grants

	Budget 2009 (Unaudited)	**Actual 2009**	Actual 2008
Operating			
Province of Ontario			
Unconditional grant	$ 29,700	**$ 29,684**	$ 29,684
Pay equity		**2,744**	2,744
Federal			
HRDC summer student		**4,515**	7,412
	29,700	**36,943**	39,840
Capital			
Province of Ontario			
15 Million Initiative		**3,134**	
Literacy			14,714
Other	33,000		
Quality of Life			15,638
	33,000	**3,134**	30,352
	$ 62,700	**$ 40,077**	$ 70,192

7. Other revenue

	Budget 2009 (Unaudited)	**Actual 2009**	Actual 2008
Operating			
Fines and fees	$ 17,500	**$ 15,326**	$ 17,122
Interest	3,000	**306**	1,849
Interest - reserves		**1,125**	2,248
Photocopier fees	2,000	**1,354**	1,402
Miscellaneous	5,000	**5,432**	6,771
	$ 27,500	**$ 23,543**	$ 29,392

8. Salaries, wages and benefits

	Budget 2009 (Unaudited)	**Actual 2009**	Actual 2008
Salaries and wages	$ 310,000	**$ 314,781**	$ 300,711
Benefits	68,000	**66,884**	71,576
	$ 378,000	**$ 381,665**	$ 372,287

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 6.5% to 9.6% depending on the proposed retirement age and the level of earnings. As a result $ 19,062 (2008 - $ 17,913) was contributed to OMERS for current service, of which $ 9,531 (2008 - $ 8,956) 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

	Books	DVDs	Office Equipment	Furniture and Equipment	Building Improvements	Computer	**2009**	2008
Cost								
Beginning of year	$ 379,271	$ 13,710	$ 17,596	$ 7,317	$ 86,407	$ 99,883	**$ 604,184**	$ 534,816
Add additions during the year	56,753	3,853					**60,606**	123,498
Less disposals during the year	(51,054)	(4,937)					**(55,991)**	(54,128)
End of year	384,970	12,626	17,596	7,317	86,407	99,883	**608,799**	604,186
Accumulated amortization								
Beginning of year	160,783	4,868	2,052		8,875	39,141	**215,719**	182,904
Add amortization during the year	54,182	4,570	3,519	732	4,320	24,971	**92,294**	86,945
Less amortization on disposals	(51,054)	(4,937)					**(55,991)**	(54,128)
End of year	163,911	4,501	5,571	732	13,195	64,112	**252,022**	215,721
Net book value	$ 221,059	$ 8,125	$ 12,025	$ 6,585	$ 73,212	$ 35,771	**$ 356,777**	$ 388,465

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Financial Report

Thorold Business Improvement Area

2009

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Auditors' report

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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, 2009 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, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Port Colborne, Ontario
April 5, 2010

Chartered Accountants
Licensed Public Accountants

Thorold Business Improvement Area
Statement of Financial Position

December 31	**2009**	2008
Financial assets		
Due from City of Thorold	**$ 9,523**	$ Nil
Liabilities		
Payables and accruals		527
Net financial assets (liabilities) and accumulated surplus (deficit)	**$ 9,523**	$ (527)

On behalf of the Board

See accompanying notes to the financial statements.

Thorold Business Improvement Area
Statement of Financial Activities
Year Ended December 31, 2009

	Budget 2009 (Unaudited)	**2009**	2008
Revenues			
Requisition from City of Thorold			
Tax levy	$ 36,000	**$ 36,000**	$ 28,000
Supplementals	—	**1,908**	513
	36,000	**37,908**	28,513
Expenses			
Administration	19,900	**12,981**	7,980
Advertising and promotion	6,100	**1,561**	6,936
Maintenance	10,000	**13,316**	13,673
	36,000	**27,858**	28,589
Annual surplus (deficit)	Nil	**10,050**	(76)
Accumulated surplus (deficit)			
Beginning of year	(527)	**(527)**	(451)
End of year	$ (527)	**$ 9,523**	$ (527)

See accompanying notes to the financial statements.

Thorold Business Improvement Area
Notes to the Financial Statements
December 31, 2009

1. Purpose of the Business Improvement Area

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.

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 generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the BIA are as follows:

Basis of accounting

Effective January 1, 2009, the BIA adopted the Public Sector Accounting Handbook (PSAB) Section 1200 - Financial Statement Presentation, which became applicable to local governments as of that date. This section requires the adoption of full accrual basis of accounting and the reporting of the change in net financial assets and/or accumulated surplus. The BIA financial statements are now presented on this new basis and the comparative figures have been restated to conform with the new basis of presentation.

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.

Effective January 1, 2009, the BIA adopted the PSAB Section 3150 - Tangible Capital Assets. The BIA has recorded its tangible capital assets for 2009, as well as 2008 for comparative purposes.

Reporting entity

The financial statements reflect the assets, liabilities, revenue, expenditures and changes in fund balances of the BIA.

Budget figures

Budgets are prepared for operating revenues and expenses only.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, and highly liquid temporary money market instruments with original maturities of three months or less.

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. 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.

4. Financial instruments

The organization's financial instruments consist of cash, receivables, payables and accruals, due to/from City of Thorold. 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.