Financial Report

Corporation of the City of Thorold

2014

Contents

Grant Thornton

Independent auditor's report

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

We have audited the accompanying consolidated financial statements of the Corporation of the City of Thorold, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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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, 2014, and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Port Colborne, Canada
June 16, 2015

Chartered Accountants
Licensed Public Accountants

Corporation of the City of Thorold
Consolidated Statement of Financial Position

As at December 31	2014	2013
Financial assets		
Cash and cash equivalents	**$ 17,128,822**	$ 12,733,535
Portfolio investments (Note 2)	**11,821,494**	11,616,742
Taxes receivable (Note 3)		
Current year	**551,096**	1,007,869
Prior years	**1,519,759**	1,872,818
User charges receivable	**1,611,325**	1,379,703
Other receivables	**1,250,772**	1,982,108
	33,883,268	30,592,775
Liabilities		
Accounts payable and accrued liabilities	**4,185,704**	5,283,854
Deferred revenue – obligatory reserve funds (Note 4)	**2,641,546**	1,023,094
Deferred revenue – other	**5,154**	5,154
Post-employment benefits (Note 5)	**2,331,475**	2,195,100
Landfill liability (Note 6)	**5,336,020**	4,895,833
Long term debt (Note 7)	**1,873,278**	1,991,212
	16,373,177	15,394,247
Net financial assets	**17,510,091**	15,198,528
Non-financial assets		
Tangible capital assets (Note 8)	**97,475,095**	99,518,730
Inventory and prepaid expenses	**140,008**	130,834
Accumulated surplus (Note 9)	**$ 115,125,194**	$ 114,848,092

Commitments and contingencies (Notes 19 and 20)

Approved by

Chief Administrative Officer

Director of Finance

See accompanying notes and schedules to the consolidated financial statements

Corporation of the City of Thorold
Consolidated Statement of Operations
For the Year Ended December 31, 2014

	Budget 2014 (Note 24)	**Actual 2014**	Actual 2013
Revenue			
Taxation (Note 12)	$ 13,331,847	**$ 13,647,141**	$ 13,575,878
User fees and charges (Note 14)	7,755,739	**7,754,236**	7,752,409
Government transfers (Note 15)	981,936	**906,012**	1,018,649
Other (Note 16)	1,537,509	**1,434,339**	1,405,766
	23,607,031	**23,741,728**	23,752,702
Expenses			
General government	1,428,374	**1,535,624**	1,388,998
Protection to persons and property	4,289,276	**4,383,595**	4,318,767
Transportation services	5,179,364	**5,264,953**	5,080,312
Environmental services	7,345,758	**8,243,551**	7,906,054
Health services	1,184,694	**1,079,871**	1,112,794
Social and family services	210,982	**192,618**	59,922
Recreation and culture services	3,380,488	**3,392,629**	3,492,305
Planning and development	780,323	**855,448**	989,749
	23,799,259	**24,948,289**	24,348,901
Net expenses	(192,228)	**(1,206,561)**	(596,199)
Other			
Revenue related to tangible capital assets			
User fees and charges (Note 14)	405,713	**497,725**	2,185,727
Government transfers (Note 15)	510,779	**636,615**	1,371,807
Other (Note 16)	201,225	**238,607**	312,011
Gain on disposal of tangible capital assets	-	**110,716**	166,047
	1,117,717	**1,483,663**	4,035,592
Annual surplus	925,489	**277,102**	3,439,393
Accumulated surplus (Note 9)			
Beginning of year	114,848,092	**114,848,092**	111,408,699
End of year	$ 115,773,581	**$ 115,125,194**	$ 114,848,092

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, 2014

	Budget 2014 (Note 24)	**Actual 2014**	Actual 2013
Annual surplus	$ 925,489	**$ 277,102**	$ 3,439,393
Amortization of tangible capital assets	3,924,475	**3,924,475**	3,791,344
Acquisition of tangible capital assets	(5,960,371)	**(2,007,958)**	(7,582,947)
Proceeds on disposal of tangible capital assets	-	**237,834**	171,451
Gain on disposal of tangible capital assets	-	**(110,716)**	(166,047)
	(1,110,407)	**2,320,737**	(346,806)
(Acquisition) use of inventory and prepaid expenses	-	**(9,174)**	7,775
Increase (decrease) in net financial assets	(1,110,407)	**2,311,563**	(339,031)
Net financial assets			
Beginning of year	15,198,528	**15,198,528**	15,537,559
End of year	$ 14,088,121	**$ 17,510,091**	$ 15,198,528

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	2014	2013
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus	**$ 277,102**	$ 3,439,393
Non-cash items		
Amortization of tangible capital assets	**3,924,475**	3,791,344
Gain on disposal of tangible capital assets	**(110,716)**	(166,047)
Changes in:		
Taxes receivable	**809,832**	(611,794)
User charges receivable	**(231,622)**	15,814
Other receivables	**731,335**	(1,026,851)
Accounts payable and accrued liabilities	**(1,098,150)**	1,213,562
Deferred revenue – obligatory reserve funds	**1,618,452**	(60,225)
Deferred revenue – other	**-**	(1,771)
Post-employment benefits	**136,375**	(59,226)
Landfill liability	**440,187**	493,597
Inventory and prepaid expenses	**(9,174)**	7,775
	6,488,096	7,035,571
Capital activities		
Proceeds on disposal of tangible capital assets	**237,834**	171,451
Acquisition of tangible capital assets, net of construction in process capitalized	**(2,007,958)**	(7,582,947)
	(1,770,124)	(7,411,496)
Investing activities		
Increase in portfolio investments	**(204,752)**	(1,245,873)
Financing activities		
Repayment of long term debt	**(117,933)**	(118,098)
Net increase (decrease) in cash and cash equivalents	**4,395,287**	(1,739,896)
Cash and cash equivalents		
Beginning of year	**12,733,535**	14,473,431
End of year	**$ 17,128,822**	$ 12,733,535

See accompanying notes and schedules to the consolidated financial statements

1. Significant accounting policies

Management responsibility

The consolidated financial statements of the City of Thorold ("Municipality") are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The significant accounting policies used are as follows:

(a) Reporting entity

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

Thorold Public Library Board
Thorold Business Improvement Area

Interdepartmental and organizational transactions and balances are eliminated.

(ii) Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the Trust Funds Statements of Financial Position and Operations (Pages 37 and 38).

(b) Basis of accounting

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

(c) Cash and cash equivalents

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

(d) Portfolio investments

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

1. Significant accounting policies (continued)

(e) Deferred revenue

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

(f) Employee future benefits

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

(g) 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.

1. Significant accounting policies (continued)

(g) Tangible capital assets (continued)

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

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

(h) Subdivision infrastructure

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

(i) Inventory

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

(j) Reserves for future expenses

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

(k) Revenue recognition

i) Taxation

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

1. Significant accounting policies (continued)

(k) Revenue recognition (continued)

i) Taxation (continued)

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

ii) User charges

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

iii) Government transfers

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

iv) Other

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

(v) Investment income

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

(l) Local improvements

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

(m) Region of Niagara and school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Region of Niagara are not reflected in the accumulated surplus of these consolidated financial statements.

1. Significant accounting policies (continued)

(n) Use of estimates

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

2. Portfolio investments

	2014	2013
Guaranteed investment certificates	**$ 2,030,068**	$ 1,475,621
Federal, provincial and municipal bonds	**9,791,426**	10,141,121
	$ 11,821,494	$ 11,616,742

Portfolio investments carry an effective interest rate ranging from 1.40% to 4.90% and maturity dates ranging from January, 2015 to November, 2025. Interest is receivable on an annual basis. Portfolio investments reported on the Consolidated Statement of Financial Position have a market value of $ 12,339,768 (2013 - $ 11,940,409).

3. Taxes receivable

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"). The property tax receivables and tax revenue of the Municipality are subject to measurement uncertainty as a number of appeals submitted by taxpayers have yet to be heard. The Municipality has established an allowance for doubtful accounts in the amount of $ 1,235,030 (2013 - $ 976,446). The Province of Ontario instituted a mandatory capping program through the provisions of Bill 140 which limits assessment related increases in property tax bills.

Corporation of the City of Thorold
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2014

4. Deferred revenue – obligatory reserve funds

The following balances are reflected as deferred revenue – obligatory reserve funds as provincial legislation restricts how these funds may be used and under certain circumstances these funds may be refunded:

	2014	2013
Parkland	$ 100,645	$ 89,391
Building code	324,871	192,887
Tree planting	4,826	4,767
Gas tax	527,000	469,070
Development charges	1,684,204	266,979
	$ 2,641,546	$ 1,023,094

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

	2014	2013
Balance, beginning of year	$ 1,023,094	$ 1,083,319
Contributions from		
Development Charges Act	1,684,308	999,747
Interest earned	21,813	19,335
Gas tax grants received		
Federal	534,135	559,021
Provincial	286,237	227,275
Other revenue	150,429	141,187
	2,676,922	1,946,565
Utilized for		
Operations	(428,178)	(326,491)
Tangible capital asset acquisitions	(630,292)	(1,673,299)
Library operations	-	(7,000)
	(1,058,470)	(2,006,790)
Balance, end of year	$ 2,641,546	$ 1,023,094

5. Post-employment benefits

	2014	2013
Accrued vacation pay	$ 437,575	$ 417,857
Accumulated sick leave	812,000	774,300
Post-employment benefits	1,081,900	1,002,943
	1,893,900	1,777,243
	$ 2,331,475	$ 2,195,100

Accrued vacation pay

As at December 31, 2014, employees of the Municipality have accumulated vacation pay credits in the amount of $ 437,575 (2013 - $ 417,857). 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, 2014 of $ 1,893,900 (2013 - $ 1,777,243) was determined by actuarial valuation using a discount rate of 4%. A reserve has been established for the accumulated sick leave liability. The balance as at December 31, 2014 is $ 720,085 (2013 - $ 658,558).

	2014	2013
Accrued benefit obligation:		
Beginning of year	$ 1,323,643	$ 1,340,000
Benefit expense	84,700	84,700
Interest accrued	68,900	68,200
Benefits paid	(62,043)	(169,257)
Past service costs due to plan amendment	55,700	-
End of year	$ 1,470,900	$ 1,323,643
Funded status:		
Employment benefit plan liabilities	$ 1,385,600	$ 1,323,643
Unamortized net actuarial gain	508,300	453,600
Employee benefit plan liability	$ 1,893,900	$ 1,777,243
The accrued benefit obligation consists of the following:		
Accumulated sick leave	$ 812,000	$ 774,300
Other post-employment	1,081,900	1,002,943
	$ 1,893,900	$ 1,777,243

5. Post-employment benefits (continued)

The most recent actuarial valuation was performed as at December 31, 2014. The main assumptions employed for the valuation are as follows:

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

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

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

Medical costs – medical costs were assumed to increase to 6% per annum for 2014 grading down 0.5% per annum to a rate of 4% per annum.

6. Landfill liability

The Municipality owns and monitors one closed landfill site. The liability for post-closure care has been recognized based upon monitoring costs included in the 2014 budget and inflation adjusted at 1.50% per annum. These costs were then discounted to December 31, 2014 using a discount rate of 4.21%. 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, 2014 is $ 5,336,020 (2013 - $ 4,895,833). Additional expenses for post-closure care recorded in 2014 were in the amount of $ 558,784 (2013 - $ 629,665).

7. Long term debt

	2014	2013
(a) The Municipality has assumed responsibility for the payment of principal and interest charges on certain long term debt issued by other municipalities. At the end of the year the outstanding principal amount of this debt is	**$ 1,873,278**	$ 1,991,212

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

Debenture Number	Purpose	Interest Rates	Maturity Date	**2014**	2013
57-2006	City Hall	4.98%	2016	**$ 389,000**	$ 412,000
60-2006	City Hall	5.354%	2026	**431,833**	456,940
129-2011	City Hall	3.43%	2026	**1,052,445**	1,122,272
				$ 1,873,278	$ 1,991,212

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

2015	$ 122,711
2016	467,647
2017	106,746
2018	111,017
2019	115,468

(d) The long term debt in (a) issued in the name of the Municipality was approved by by-law. The annual principal and interest payments required to service this debt are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(e) Total charges for the year for net long term debt, which are reported on the Consolidated Statement of Operations, are as follows:

	2014	2013
Principal	**$ 117,934**	$ 118,098
Interest	**81,998**	85,827
	$ 199,932	$ 203,925

8. Tangible capital assets

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

	2014	2013
Land	$ **2,232,141**	$ 2,234,376
Land improvements	**4,223,727**	4,533,958
Buildings	**11,793,652**	9,386,939
Machinery and equipment	**1,685,181**	1,724,974
Vehicles	**1,990,100**	2,202,457
	21,924,801	20,082,704
Infrastructure		
Transportation	**26,231,840**	26,115,974
Storm sewers	**7,021,968**	7,221,883
Sanitary sewers	**26,455,977**	23,331,074
Infrastructure water	**15,474,017**	15,464,774
	75,183,802	72,133,705
Construction in process	**366,492**	7,302,321
	$ **97,475,095**	$ 99,518,730

See Pages 27 and 28 for more detail.

9. Accumulated surplus

	2014	2013
Operating deficit	$ **(5,008,380)**	$ (5,522,961)
Investment in tangible capital assets	**97,475,095**	99,518,730
Reserves and reserve funds (Note 10)	**32,199,252**	29,934,468
Unfunded liabilities (Note 11)	**(9,540,773)**	(9,082,145)
	$ 115,125,194	$ 114,848,092

The 2014 operating deficit of the Municipality available for the general reduction of taxation or user charges has been decreased by an amount of $ 122,875; transferred from the reserve for industrial development as authorized by Council. Had this transfer not been made the operating deficit would have been $ 5,131,255. The 2013 operating deficit was decreased by $ 44,010; transferred from the reserve for industrial development. Had this transfer not been made the 2013 operating deficit would have been $ 5,566,971.

10. Reserves and reserve funds

	2014	2013
Reserves set aside by Council for specific purposes:		
Municipal development	**$ 716,592**	$ 610,065
Working funds (uncollectible taxes)	**510,000**	510,000
Equipment replacement	**1,518,694**	1,220,887
Accumulated sick leave	**720,085**	658,558
Computer	**139,394**	112,522
Contingencies	**132,355**	100,905
Election	**7,803**	48,572
Grant stabilization	**10,559**	23,812
Sewage capital	**2,383,831**	1,969,911
Water capital	**3,499,953**	3,196,407
Insurance deductible	**275,402**	267,784
Industrial development	**1,008,823**	735,133
Pay equity	**54,068**	53,705
Winter control	**63,668**	63,668
Encumbrances	**560,758**	381,775
Total reserves	**11,601,985**	9,953,704
Reserve funds set aside by Council for specific purposes:		
Beaverdams church	**1,438**	9,210
Capital assets	**1,053,768**	522,743
Hospital expansion	**3,748**	2,192
Transit	**138,333**	138,333
Arena building	**356,103**	322,922
Library expansion	**29,266**	28,862
Hydro proceeds	**17,037,240**	17,040,913
Mausoleum and cemetery improvements	**439,886**	397,375
Municipal land and building	**573,711**	552,477
Niagara Falls bridge	**761,357**	751,957
Port Robinson transportation	**77,440**	90,978
Thorold pre-recreation (Mel Swart Park)	**121,817**	120,527
Thorold South Community Centre building	**2,304**	2,275
Darlene Ryan Port Robinson Community Centre	**856**	-
Total reserve funds	**20,597,267**	19,980,764
	$ 32,199,252	$ 29,934,468

10. Reserves and reserve funds (continued)

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

	2014	2013
Balance, beginning of year	$ 29,934,468	$ 27,655,891
Contributions from		
Investment income	550,574	521,699
User charges	45,973	155,105
Other revenue	237,423	159,911
	833,970	836,715
Provided from (utilized for) operations	344,919	(211,441)
Provided for tangible capital asset acquisitions	1,085,895	1,653,303
	1,430,814	1,441,862
Balance, end of year	$ 32,199,252	$ 29,934,468

11. Unfunded liabilities

	2014	2013
Post-employment benefits	$ 2,331,475	$ 2,195,100
Landfill liability	5,336,020	4,895,833
Long term debt	1,873,278	1,991,212
	$ 9,540,773	$ 9,082,145

12. Taxation

	Budget 2014 (Note 24)	**Actual 2014**	Actual 2013
Real property		**$ 32,998,391**	$ 31,295,844
From other governments			
Payments in lieu of taxes		**1,115,625**	2,630,614
		34,114,016	33,926,458
Less: taxation collected on behalf of (Note 13)			
Region of Niagara		**14,166,846**	14,034,980
School boards		**6,300,029**	6,315,600
		20,466,875	20,350,580
Net taxes available for municipal purposes		**$ 13,647,141**	$ 13,575,878
Residential, multi-residential and farm	$ 10,116,410	**$ 10,129,944**	$ 9,710,263
Commercial and industrial	3,215,437	**3,517,197**	3,865,615
Net taxes available for municipal purposes	$ 13,331,847	**$ 13,647,141**	$ 13,575,878

13. Collections for the Region of Niagara and school boards

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

	2014	2013
Region of Niagara	**$ 14,166,846**	$ 14,034,980
School boards	**6,300,029**	6,315,600
	$ 20,466,875	$ 20,350,580

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).

14. User fees and charges

	Budget 2014 (Note 24)	**Actual 2014**	Actual 2013
Operating			
Fees and service charges	$ 777,591	**$ 845,284**	$ 989,465
Water charges	3,198,550	**3,136,637**	3,109,684
Sewage charges	3,471,427	**3,381,712**	3,322,343
Licences and permits	308,171	**387,405**	319,089
Development charges	-	**3,198**	11,828
	7,755,739	**7,754,236**	7,752,409
Capital			
Fees and service charges	-	**218,832**	1,070,172
Development charges	405,713	**278,893**	1,115,555
	405,713	**497,725**	2,185,727
	$ 8,161,452	**$ 8,251,961**	$ 9,938,136

15. Government transfers

	Budget 2014 (Note 24)	**Actual 2014**	Actual 2013
Operating			
Province of Ontario	$ 679,546	**$ 660,113**	$ 719,424
Government of Canada	222,390	**101,851**	135,541
Municipal	80,000	**144,048**	163,684
	981,936	**906,012**	1,018,649
Capital			
Province of Ontario	24,165	**26,336**	67,228
Government of Canada	486,614	**462,169**	766,364
Municipal	-	**148,110**	538,215
	510,779	**636,615**	1,371,807
	$ 1,492,715	**$ 1,542,627**	$ 2,390,456

Corporation of the City of Thorold
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2014

16. Other

	Budget 2014 (Note 24)	**Actual 2014**	Actual 2013
Operating			
Penalties and interest on taxes	$ 537,000	**$ 638,258**	$ 551,124
Fines	83,650	**50,910**	37,724
Investment income	243,500	**83,791**	98,013
Investment income – reserves and reserve funds	550,842	**550,574**	521,699
Rental income	68,035	**74,137**	70,663
Donations	-	**5,622**	12,310
Transfer from the Corporation of the City of Thorold - Trust Funds	20,400	**31,047**	30,585
Other	34,082	**-**	83,648
	1,537,509	**1,434,339**	1,405,766
Capital			
Donations	1,200	**17,280**	26,211
Other	200,025	**221,327**	285,800
	201,225	**238,607**	312,011
	$ 1,738,734	**$ 1,672,946**	$ 1,717,777

17. Pension agreement

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

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of $ 5.3 billion (2013 - $ 8.3 billion) based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2014 calendar year at rates ranging from 9.0% to 15.9% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Consolidated Statement of Operations. Employer contributions to OMERS for 2014 current and past service was $ 671,585 (2013 - $ 640,390) and were matched by employee contributions in a similar amount.

18. Corporation of the City of Thorold – Trust Funds

Trust Funds administered by the Municipality amounting to $ 1,222,683 (2013 - $ 1,201,234) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

19. Commitments

Capital expenses

The estimated future capital expense commitments based on projects in progress at December 31, 2014 is approximately $ 381,000 (2013 - $ 1,919,000). 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 $ 635,822 for the upcoming year. The contract expires on December 31, 2015 and is to be reviewed annually.

Leases

The Municipality has commitments for operating leases for office equipment and certain premises with various expiry dates up to 2027. The approximate total commitment for each of the next five years is as follows:

2015	$ 22,655
2016	5,988
2017	2,655
2018	225
2019	200

Hospital

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

20. Contingencies

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

21. Government transfers

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

	2014	2013
Revenue		
Ontario grants		
Ontario Municipal Partnership Fund	$ **192,100**	$ 225,900
Ontario Power Generation	**-**	20,000
Hydro One	**26,336**	47,228
Recreation and cultural	**32,428**	64,384
Municipal infrastructure investment initiative	**-**	25,181
Transit – Provincial Gas Tax	**363,846**	324,303
Miscellaneous	**71,739**	79,656
	686,449	786,652
Federal grants		
Transit	**75,000**	97,504
Cemeteries	**21,483**	21,147
Infrastructure	**74,654**	253,443
War 1812	**-**	11,467
Gas tax	**389,549**	515,109
Recreation and cultural	**2,753**	3,235
Miscellaneous	**581**	-
	564,020	901,905
Municipal grants		
Regional Municipality of Niagara		
Provincial Offences Act	**40,220**	38,890
Capital grants	**148,110**	538,214
Downtown facade program	**17,382**	47,510
Miscellaneous	**86,446**	77,285
	292,158	701,899
	$ 1,542,627	$ 2,390,456
Expenses		
Charitable and non-profit organizations	**$ 38,751**	$ 51,394

22. Measurement uncertainty

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

23. Comparative figures

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

24. Budget

The budget by-law adopted by Council on January 21, 2014 was not prepared on a basis consistent with that used to report actual results in accordance with Canadian Public Sector Accounting Standards (PSAS). The budget was prepared on a modified accrual basis while PSAS require a full accrual basis. As a result, the budget figures presented in the Consolidated Statements of Operations and Changes in Net Financial Assets represent the budget approved by Council with the following adjustments:

Approved budgeted annual surplus – City		$ -
Approved budgeted annual surplus (deficit) – Library		(11,500)
Add:	Reserve and reserve fund interest revenue	550,842
	Acquisition of tangible capital assets	5,596,571
	Capital revenues	(4,777,165)
	Transfers to reserves and reserve funds - net	645,429
	Principal repayments of long term debt	128,000
Less:	Amortization of tangible capital assets	(1,206,728)
Budgeted surplus reported on the Consolidated Statement of Operations		$ 925,449

25. Segmented information

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

General government

General government is comprised of Municipal council, administrative and clerks departments.

Protection to persons and property

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

Transportation services

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

Environmental services

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

Health services

Health services department is responsible for cemetery operations.

Social and family services

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

Recreation and culture services

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

Planning and development

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

25. Segmented information (continued)

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

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

Corporation of the City of Thorold
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2014

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

Corporation of the City of Thorold
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2013

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Infrastructure (Note 8)	Construction in Progress	2013
Cost								
Beginning of year	$ 2,215,282	$ 9,370,953	$ 14,707,585	$ 4,198,445	$ 4,762,526	$ 107,922,407	$ 3,921,379	**$ 147,098,577**
Add additions	19,094	174,692	1,327,172	234,372	162,748	2,283,927	7,056,789	**11,258,794**
Less disposals during the year	-	(9,403)		(167,054)	(76,927)	(1,465,045)	(3,675,847)	**(5,394,276)**
End of year	2,234,376	9,536,242	16,034,757	4,265,763	4,848,347	108,741,289	7,302,321	**152,963,095**
Accumulated amortization								
Beginning of year	-	4,510,783	6,245,767	2,344,618	2,435,118	35,829,760	-	**51,366,046**
Add amortization during the year	-	500,904	402,051	363,225	287,699	2,237,465	-	**3,791,344**
Less amortization on disposals	-	(9,403)	-	(167,054)	(76,927)	(1,459,641)	-	**(1,713,025)**
End of year	-	5,002,284	6,647,818	2,540,789	2,645,890	36,607,584	-	**53,444,365**
Net book value	$ 2,234,376	$ 4,533,958	$ 9,386,939	$ 1,724,974	$ 2,202,457	$ 72,133,705	$ 7,302,321	**$ 99,518,730**

Corporation of the City of Thorold
Consolidated Schedule of Segment Disclosure
For the year ended December 31, 2014

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

Corporation of the City of Thorold
Consolidated Schedule of Segment Disclosure
For the year ended December 31, 2013

	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Recreation and culture services	Planning and development	2013
Revenues									
Taxation	$ 2,440,036	$ 3,541,077	$ 2,785,659	$ 1,330,367	$ 911,622	$ 205,334	$ 1,839,222	$ 522,561	**$ 13,575,878**
User charges	924,630	344,967	96,670	7,711,612	167,171	-	533,638	159,448	**9,938,136**
Grants	300,497	86,655	920,512	807,950	24,598	26,364	99,086	124,794	**2,390,456**
Other	1,284,795	51,772	71,241	-	43,177	-	266,519	273	**1,717,777**
Gain (loss) on disposal of tangible capital assets	171,452	-	(4,195)	(1,210)	-	-	-	-	**166,047**
	5,121,410	4,024,471	3,869,887	9,848,719	1,146,568	231,698	2,738,465	807,076	**27,788,294**
Expenses									
Salaries and benefits	845,509	3,305,168	1,792,562	925,725	527,834	29,731	1,647,056	492,808	**9,566,393**
Operating materials and supplies	244,554	363,304	868,570	188,147	179,759	19,049	828,972	94,628	**2,786,983**
Contracted services	36,180	267,091	622,946	5,668,811	(9,224)	155	208,215	312,014	**7,106,188**
Rent and financial expenses	44,954	74,596	70,076	121,060	13,741	874	49,063	20,884	**395,248**
External transfers to others	-	-	-	204,444	298,001	-	51,394	63,146	**616,985**
Amortization	132,041	308,608	1,726,158	797,867	102,683	10,113	707,605	6,269	**3,791,344**
Debt service	85,760	-	-	-	-	-	-	-	**85,760**
	1,388,998	4,318,767	5,080,312	7,906,054	1,112,794	59,922	3,492,305	989,749	**24,348,901**
Annual surplus (deficit)	$ 3,732,412	$ (294,296)	$ (1,210,425)	$ 1,942,665	$ 33,774	$ 171,776	$ (753,840)	$ (182,673)	**$ 3,439,393**

Corporation of the City of Thorold
Consolidated Schedule of Segment Disclosure with Budget Information
For the Year Ended December 31, 2014

	Budget 2014	**Actual 2014**	Actual 2013
General government			
Revenue			
Taxation	$ 2,502,455	**$ 2,569,298**	$ 2,440,036
User charges	188,932	**111,709**	924,630
Grants	218,465	**220,471**	300,497
Other	1,389,316	**1,337,523**	1,284,795
Gain on disposal of tangible capital assets	-	**112,951**	171,452
	4,299,168	**4,351,952**	5,121,410
Expenses			
Salaries and benefits	906,132	**898,312**	845,509
Operating materials and supplies	327,317	**258,699**	244,554
Contracted services	748	**71,693**	36,180
Rent and financial expenses	(183,714)	**40,631**	44,954
Amortization	184,291	**184,291**	132,041
Debt service	193,600	**81,998**	85,760
	1,428,374	**1,535,624**	1,388,998
Annual surplus	$ 2,870,794	**$ 2,816,328**	$ 3,732,412

	Budget 2014	**Actual 2014**	Actual 2013
Protection to persons and property			
Revenue			
Taxation	$ 3,424,014	**$ 3,515,473**	$ 3,541,077
User charges	301,846	**378,343**	344,967
Grants	91,000	**52,895**	86,655
Other	117,732	**50,910**	51,772
	3,934,592	**3,997,621**	4,024,471
Expenses			
Salaries and benefits	3,321,530	**3,401,708**	3,305,168
Operating materials and supplies	407,350	**379,984**	363,304
Contracted services	214,923	**255,765**	267,091
Rent and financial expenses	48,044	**48,709**	74,596
Amortization	297,429	**297,429**	308,608
	4,289,276	**4,383,595**	4,318,767
Annual deficit	$ (354,684)	**$ (385,974)**	$ (294,296)

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

For the Year Ended December 31, 2014

	Budget 2014	**Actual 2014**	Actual 2013
Transportation services			
Revenue			
Taxation	$ 2,656,057	**$ 2,727,003**	$ 2,785,659
User charges	171,668	**58,526**	96,670
Grants	995,950	**805,789**	920,512
Other	390	**11,516**	71,241
Loss on disposal of tangible capital assets	-	**-**	(4,195)
	3,824,065	**3,602,834**	3,869,887
Expenses			
Salaries and benefits	1,671,318	**1,716,200**	1,792,562
Operating materials and supplies	1,123,508	**970,468**	868,570
Contracted services	549,583	**739,096**	622,946
Rent and financial expenses	62,342	**66,576**	70,076
Amortization	1,772,613	**1,772,613**	1,726,158
	5,179,364	**5,264,953**	5,080,312
Annual deficit	$ (1,355,299)	**$ (1,662,119)**	$ (1,210,425)

	Budget 2014	**Actual 2014**	Actual 2013
Environmental services			
Revenue			
Taxation	$ 1,324,789	**$ 1,327,321**	$ 1,330,367
User charges	6,688,239	**6,948,114**	7,711,612
Grants	49,510	**244,909**	807,950
Loss on disposal of tangible capital assets	-	**-**	(1,210)
	8,062,538	**8,520,344**	9,848,719
Expenses			
Salaries and benefits	940,736	**897,303**	925,725
Operating materials and supplies	155,120	**213,405**	188,147
Contracted services	5,185,624	**6,059,812**	5,668,811
Rent and financial expenses	84,706	**84,706**	121,060
External transfers to others	209,792	**218,545**	204,444
Amortization	769,780	**769,780**	797,867
	7,345,758	**8,243,551**	7,906,054
Annual surplus	$ 716,780	**$ 276,793**	$ 1,942,665

Corporation of the City of Thorold
Consolidated Schedule of Segment Disclosure with Budget Information
For the Year Ended December 31, 2014

	Budget 2014	**Actual 2014**	Actual 2013
Health services			
Revenue			
Taxation	$ 907,903	**$ 924,194**	$ 911,622
User charges	85,292	**117,125**	167,171
Grants	22,440	**25,087**	24,598
Other	25,367	**39,790**	43,177
	1,041,002	**1,106,196**	1,146,568
Expenses			
Salaries and benefits	654,039	**515,783**	527,834
Operating materials and supplies	163,629	**170,517**	179,759
Contracted services	(38,304)	**(11,632)**	(9,224)
Rent and financial expenses	9,258	**9,131**	13,741
External transfers to others	298,000	**298,000**	298,001
Amortization	98,072	**98,072**	102,683
	1,184,694	**1,079,871**	1,112,794
Annual surplus (deficit)	$ (143,692)	**$ 26,325**	$ 33,774

	Budget 2014	**Actual 2014**	Actual 2013
Social and family services			
Revenue			
Taxation	$ 246,854	**$ 253,448**	$ 205,334
Grants	42,700	**34,868**	26,364
Other	1,000	**1,000**	-
Loss on disposal of tangible capital assets	-	**(2,235)**	-
	290,554	**287,081**	231,698
Expenses			
Salaries and benefits	47,025	**35,242**	29,731
Operating materials and supplies	54,025	**44,282**	19,049
Contracted services	175	**175**	155
Rent and financial expenses	33,479	**36,641**	874
Amortization	76,278	**76,278**	10,113
	210,982	**192,618**	59,922
Annual surplus	$ 79,572	**$ 94,463**	$ 171,776

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

For the Year Ended December 31, 2014

	Budget 2014	**Actual 2014**	Actual 2013
Recreation and culture services			
Revenue			
Taxation	$ 1,764,156	**$ 1,811,279**	$ 1,839,222
User charges	614,705	**490,213**	533,638
Grants	47,650	**54,780**	99,086
Other	204,929	**232,057**	266,519
	2,631,440	**2,588,329**	2,738,465
Expenses			
Salaries and benefits	1,579,821	**1,689,280**	1,647,056
Operating materials and supplies	848,348	**781,491**	828,972
Contracted services	126,910	**96,812**	208,215
Rent and financial expenses	61,095	**65,918**	49,063
External transfers to others	43,937	**38,751**	51,394
Amortization	720,377	**720,377**	707,605
	3,380,488	**3,392,629**	3,492,305
Annual deficit	$ (749,048)	**$ (804,300)**	$ (753,840)

	Budget 2014	**Actual 2014**	Actual 2013
Planning and development			
Revenue			
Taxation	$ 505,619	**$ 519,125**	$ 522,561
User charges	110,770	**147,931**	159,448
Grants	25,000	**103,828**	124,794
Other	-	**150**	273
	641,389	**771,034**	807,076
Expenses			
Salaries and benefits	434,348	**459,635**	492,808
Operating materials and supplies	89,573	**89,557**	94,628
Contracted services	146,077	**174,796**	312,014
Rent and financial expenses	13,190	**13,997**	20,884
External transfers to others	96,500	**111,828**	63,146
Amortization	635	**5,635**	6,269
	780,323	**855,448**	989,749
Annual deficit	$ (138,934)	**$ (84,414)**	$ (182,673)

Grant Thornton

Independent auditor's report

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

We have audited the accompanying consolidated financial statements of the Trust Funds of the Corporation of the City of Thorold, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of operations for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements have been prepared by management based on the financial reporting provisions prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Grant Thornton

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, 2014, and the results of its operations for the year then ended in accordance with the financial reporting provisions of the Ministry of Municipal Affairs and Housing.

Basis of accounting and restriction on use

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

Grant Thornton LLP

Port Colborne, Canada
June 16, 2015

Chartered Accountants
Licensed Public Accountants

Corporation of the City of Thorold
Trust Funds
Consolidated Statement of Financial Position
As at December 31, 2014

	Cemetery Care and Maintenance	Mausoleum Care and Maintenance	Monument and Marker Care	**Total 2014**	Total 2013
Financial assets					
Cash and cash equivalents	$ 93,671	$ 284,697	$ 87,901	**$ 466,269**	$ 449,480
Accounts receivable	-	6,448	-	**6,448**	1,790
Portfolio investments (Note 2)	324,983	424,983	-	**749,966**	749,964
Net financial assets and accumulated surplus	$ 418,654	$ 716,128	$ 87,901	**$ 1,222,683**	$ 1,201,234

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, 2014

	Cemetery Care and Maintenance	Mausoleum Care and Maintenance	Monument and Marker Care	**Total 2014**	Total 2013
Revenue					
Marker fees	$ -	$ -	$ 2,900	**$ 2,900**	$ 2,150
Sales of crypts/niches	-	13,017	-	**13,017**	26,594
Sale of plots	5,532	-	-	**5,532**	10,404
Interest	12,164	17,794	1,089	**31,047**	30,584
	17,696	30,811	3,989	**52,496**	69,732
Expenses					
Interest earned distributed to the City of Thorold	12,164	17,794	1,089	**31,047**	30,584
Annual surplus	5,532	13,017	2,900	**21,449**	39,148
Accumulated surplus					
Beginning of year	413,122	703,111	85,001	**1,201,234**	1,162,086
End of year	$ 418,654	$ 716,128	$ 87,901	**$ 1,222,683**	$ 1,201,234

See accompanying notes to the consolidated financial statements

1. Accounting policies

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

Significant aspects of the accounting policies adopted are as follows:

(a) Basis of accounting

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

(b) Cash and cash equivalents

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

(c) Portfolio investments

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

2. Portfolio investments

Portfolio investments consist of Canadian provincial bonds and bank guaranteed investment certificates with interest rates of 3.2% to 3.61% maturing between February, 2016 and June, 2018. Portfolio investments of $ 749,966 (2013 - $ 749,964) have an estimated market value of $ 770,185 (2013 - $ 769,502).

Grant Thornton

Financial Report

Thorold Public Library Board

December 31, 2014

Contents

Grant Thornton

Independent auditor's report

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

We have audited the statement of financial position of the **Thorold Public Library Board** as at December 31, 2014 and the statements of operations, changes in net debt and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Grant Thornton

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

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

Qualified opinion

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of the Thorold Public Library Board as at December 31, 2014, and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Port Colborne, Canada
May 11, 2015

Chartered Accountants
Licensed Public Accountants

Thorold Public Library Board
Statement of Financial Position

As at December 31	**2014**	2013
Financial assets		
Cash and cash equivalents	**$ 144,627**	$ 142,315
Receivables	**7,355**	6,237
Due from City of Thorold	**10,977**	6,608
	162,959	155,160
Liabilities		
Payables and accruals	**22,148**	15,192
Loan payable to City of Thorold (Note 4)	**80,000**	90,000
Future employment benefits (Note 5)	**139,535**	131,685
	241,683	236,877
Net debt	**(78,724)**	(81,717)
Non-financial assets		
Tangible capital assets (Page 14)	**435,206**	442,698
Prepaids	**2,851**	2,387
	438,057	445,085
Accumulated surplus (Note 6)	**$ 359,333**	$ 363,368

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, 2014

	Budget 2014 (Note 3)	**Actual 2014**	Actual 2013
Revenue			
Municipal contribution	$ 552,000	**$ 552,000**	$ 530,400
Development charges	-	**-**	7,000
Government transfers (Note 8)	35,150	**35,181**	39,987
Other (Note 9)	17,950	**19,024**	18,090
	605,100	**606,205**	595,477
Expenses			
Administration	14,700	**12,758**	16,365
Amortization	75,360	**75,360**	75,933
Electronic services, periodicals and newspapers	4,800	**9,077**	5,330
Insurance	4,300	**4,327**	3,998
Programs	2,000	**2,199**	2,441
Repairs and maintenance	29,300	**25,223**	29,921
Salaries, wages and benefits (Note 10)	442,000	**440,720**	423,445
Service contracts	24,000	**20,420**	26,252
Supplies	4,100	**4,273**	4,735
Utilities	19,900	**20,883**	19,356
	620,460	**615,240**	607,776
	(15,360)	**(9,035)**	(12,299)
Other			
Revenue related to capital			
Municipal contribution	5,000	**5,000**	10,600
Annual deficit	(10,360)	**(4,035)**	(1,699)
Accumulated surplus (Note 6)			
Beginning of year	363,368	**363,368**	365,067
End of year	$ 353,008	**$ 359,333**	$ 363,368

See accompanying notes and schedule to the financial statements.

Thorold Public Library Board
Statement of Changes in Net Debt
For the Year Ended December 31, 2014

	Budget 2014	**Actual 2014**	Actual 2013
Annual deficit	$ (10,360)	**$ (4,035)**	$ (1,699)
Amortization of tangible capital assets	75,360	**75,360**	75,933
Acquisition of tangible capital assets	(58,500)	**(67,868)**	(61,447)
Acquisition of prepaids	-	**(464)**	(2,387)
	16,860	**7,028**	12,099
Increase in net financial assets	6,500	**2,993**	10,400
Net debt			
Beginning of year	(81,717)	**(81,717)**	(92,117)
End of year	$ (75,217)	**$ (78,724)**	$ (81,717)

See accompanying notes and schedule to the financial statements.

Thorold Public Library Board
Statement of Cash Flows

For the Year Ended December 31	2014	2013
Increase (decrease) in cash and cash equivalents		
Operating		
Annual deficit	$ (4,035)	$ (1,699)
Non-cash items		
Amortization	75,360	75,933
(Increase) decrease in receivables	(1,118)	333
(Increase) decrease in due from City of Thorold	(4,369)	18,833
Increase in payables and accruals	6,956	1,173
Decrease in deferred revenue	-	(1,772)
Increase in future employment benefits	7,850	400
Acquisition of prepaids	(464)	(2,387)
	80,180	90,814
Financing		
Loan repayment to City of Thorold	(10,000)	(10,000)
Investing		
Acquisition of tangible capital assets	(67,868)	(61,447)
Net increase in cash and cash equivalents	2,312	19,367
Cash and cash equivalents		
Beginning of year	142,315	122,948
End of year	$ 144,627	$ 142,315

Cash and cash equivalents consist of		
Cash on hand	$ 200	$ 200
Cash held in banks	14,324	16,494
Guaranteed investment certificates	130,103	125,621
	$ 144,627	$ 142,315

See accompanying notes and schedule to the financial statements.

Thorold Public Library Board
Notes to the Financial Statements
For the Year Ended December 31, 2014

1. Purpose of the Library Board

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

2. Significant accounting policies

Management responsibility

The financial statements are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The significant accounting policies used are as follows:

(a) Basis of accounting

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

(b) Reporting entity

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

(c) Cash and cash equivalents

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

(d) Tangible capital assets

(i) Determination of costs

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

2. Significant accounting policies (continued)

(d) Tangible capital assets (continued)

(ii) Amortization

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

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

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

(e) 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.

(f) Revenue recognition

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

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

(g) Reserves for future expenses

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

2. Significant accounting policies (continued)

(h) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Library may undertake in the future. Significant accounting estimates include allowance for doubtful accounts. Actual results could differ from those estimates.

3. Budget

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

	2014
Approved budgeted annual deficit	$ (11,500)
Add: transfers to reserves – net	8,000
Add: debt reduction	10,000
Add: tangible capital asset expenditures	58,500
Less: amortization of tangible capital assets	(75,360)
Budgeted annual deficit reported on the Statement of Operations	$ (10,360)

4. Loan payable to City of Thorold

The City of Thorold provided the Library with an interest-free loan of $ 100,000 to be repaid over ten years, due in 2022. The amount repaid in 2014 was $ 10,000 (2013 - $ 10,000).

5. **Future employment benefits**	**2014**	2013
Accrued vacation pay	**$ 15,635**	$ 14,385
Accumulated sick leave	**93,900**	86,000
Post-employment benefits	**30,000**	31,300
	$ 139,535	$ 131,685

(a) Accrued vacation pay

As at December 31, 2014, employees of the Library have accumulated vacation pay credits in the amount of $ 15,635 (2013 - $ 14,385). Any unused credits up to five days may be carried forward to future years.

(b) Accumulated sick leave and post-employment benefits

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

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

The accrued benefit liability for accumulated sick leave and other post-employment benefits was determined by actuarial valuation using a discount rate of 5%. A reserve has been established for the accumulated sick leave liability. The balance as at December 31, 2014 is $ 46,032 (2013 - $ 42,416).

Defined benefit plan information:	**2014**	2013
Accrued benefit obligation:		
Beginning of year	**$ 136,800**	$ 138,300
Benefit expense	**5,800**	5,800
Past service cost due to plan amendment	**900**	-
Interest accrued	**6,900**	6,800
Actuarial adjustment	**(15,900)**	-
Benefits paid	**(8,800)**	(14,100)
End of year	**$ 125,700**	$ 136,800
Funded status:		
Employment benefit plan liabilities	**$ 125,700**	$ 136,800
Unamortized net actuarial loss	**(1,800)**	(19,500)
Employee benefit plan liability	**$ 123,900**	$ 117,300

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

The accrued benefit obligation consists of the following:	**2014**	2013
Accumulated sick leave	**$ 93,900**	$ 86,000
Other post-employment	**30,000**	31,300
	$ 123,900	$ 117,300

The most recent actuarial valuation was performed as at December 31, 2014. The main assumptions employed for the valuation are as follows:

General inflation – Future general inflation levels, as measured by changes in the consumer price index (CPI), were assumed at 3% in 2014 and thereafter.

Discount rate – 4%.

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

Heath care costs – Health costs were assumed to be 6% in 2014 grading down at 0.5% per year to a rate of 4% in 2018 and future years.

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

6. Accumulated surplus

	2014	2013
Operating surplus	**$ 33,766**	$ 36,809
Unfunded liabilities	**(219,535)**	(221,685)
Reserves (Note 7)	**109,896**	105,546
Investment in tangible capital assets	**435,206**	442,698
	$ 359,333	$ 363,368

Thorold Public Library Board
Notes to the Financial Statements
For the Year Ended December 31, 2014

7. Reserves

	2014	2013
Reserves set aside for specific purposes		
Sick pay reserve	**$ 46,032**	$ 42,416
Pay equity reserve	**37,342**	36,978
	83,374	79,394
Reserve funds set aside for specific purposes		
Expansion fund	**26,522**	26,152
	$ 109,896	$ 105,546
Balance, beginning of year	**$ 105,546**	$ 101,489
Interest income	**1,350**	1,057
Funds contributed from operations	**3,000**	3,000
Balance, end of year	**$ 109,896**	$ 105,546

8. Government transfers

	Budget 2014	Actual 2014	Actual 2013
Operating			
Province of Ontario			
Unconditional grant	$ 29,700	**$ 29,684**	$ 29,683
Pay equity grant	2,700	**2,744**	2,744
SOLS – Connectivity Funding	-	**-**	651
SOLS – Capacity Building Grant	-	**-**	3,674
Government of Canada			
HRDC summer student grant	2,750	**2,753**	3,235
	$ 35,150	**$ 35,181**	$ 39,987

Thorold Public Library Board
Notes to the Financial Statements
For the Year Ended December 31, 2014

9. Other revenue	Budget 2014	**Actual 2014**	Actual 2013
Operating			
Fines and fees	$ 11,200	**$ 10,644**	$ 10,246
Interest	500	**165**	11
Interest - reserves	-	**1,350**	1,057
Miscellaneous	6,250	**6,865**	6,776
	$ 17,950	**$ 19,024**	$ 18,090

10. Salaries, wages and benefits	Budget 2014	**Actual 2014**	Actual 2013
Salaries and wages	$ 358,000	**$ 350,116**	$ 336,780
Benefits	84,000	**90,604**	86,665
	$ 442,000	**$ 440,720**	$ 423,445

11. Pension agreements

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

Since OMERS is a multi-employer pension plan, the Library does not recognize any share of the pension plan deficit of $ 5.3 billion (2013 - $ 8.3 billion) based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2014 calendar year at rates ranging from 9.0% to 15.9% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Statement of Operations. Employer contributions to OMERS for 2014 current and past service was $ 28,459 (2013 - $ 27,520) and were matched by employee contributions in a similar amount.

12. Financial instruments

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

Thorold Public Library Board
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2014

	Books	DVDs	Office Equipment	Furniture and Equipment	Computer	Building Improvements	**2014**	2013
Cost								
Beginning of year	$ 385,807	$ 11,958	$ 17,596	$ 14,758	$ 8,764	$ 245,584	**$ 684,467**	$ 681,883
Add additions during the year	51,057	3,517	-	-	4,929	8,365	**67,868**	61,447
Less disposals during the year	(54,050)	(3,994)	-	-	(6,790)	-	**(64,834)**	(58,863)
End of year	382,814	11,481	17,596	14,758	6,903	253,949	**687,501**	684,467
Accumulated amortization								
Beginning of year	164,788	3,997	17,596	5,892	5,093	44,403	**241,769**	224,699
Add amortization during the year	55,115	3,986	-	1,476	2,190	12,593	**75,360**	75,933
Less amortization on disposals	(54,050)	(3,994)	-	-	(6,790)	-	**(64,834)**	(58,863)
End of year	165,853	3,989	17,596	7,368	493	56,996	**252,295**	241,769
Net book value	$ 216,961	$ 7,492	$ -	$ 7,390	$ 6,410	$ 196,953	**$ 435,206**	$ 442,698

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Financial Report

Thorold Business Improvement Area

2014

Contents

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Independent auditor's report

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

We have audited the accompanying financial statements of the **Thorold Business Improvement Area**, which comprise the statement of financial position as at December 31, 2014, and the statements of operations and changes in net financial assets for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Thorold Business Improvement Area as at December 31, 2014, and the results of its operations and changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Port Colborne, Canada
July 2, 2015

Chartered Accountants
Licensed Public Accountants

Thorold Business Improvement Area
Statement of Financial Position

As at December 31	**2014**	2013
Assets		
Due from City of Thorold	**$ 878**	$ 2,933
Net financial assets	**878**	2,933
Non-financial assets		
Tangible capital assets (Note 3)	**9,212**	14,847
Accumulated surplus (Note 4)	**$ 10,090**	$ 17,780

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, 2014

	Budget 2014 (Note 5)	**2014**	2013
Revenues			
Requisition from City of Thorold			
Tax levy	$ 40,000	**$ 40,000**	$ 36,000
Other revenue	-	**-**	460
Supplementals	-	**556**	-
	40,000	**40,556**	36,460
Expenses			
Administration	17,100	**13,184**	13,491
Advertising and promotion	3,500	**11,422**	4,989
Amortization	5,635	**5,635**	5,635
Maintenance	19,400	**18,005**	15,918
	45,635	**48,246**	40,033
Annual deficit	(5,635)	**(7,690)**	(3,573)
Accumulated surplus			
Beginning of year	17,780	**17,780**	21,353
End of year	$ 12,145	**$ 10,090**	$ 17,780

See accompanying notes to the financial statements.

Thorold Business Improvement Area
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2014

	Budget 2014	**2014**	2013
Annual deficit	$ (5,635)	**$ (7,690)**	$ (3,573)
Amortization of tangible capital assets	5,635	**5,635**	5,635
(Decrease) increase in net financial assets	-	**(2,055)**	2,062
Net financial assets			
Beginning of year	2,933	**2,933**	871
End of year	$ 2,933	**$ 878**	$ 2,933

See accompanying notes to the financial statements.

1. Purpose of the Business Improvement Area

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

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

2. Summary of significant accounting policies

Management responsibility

The financial statements are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The significant accounting policies used are as follows:

Basis of accounting

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

Reporting entity

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

Tangible capital assets

(i) Determination of costs

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

(ii) Amortization

Amortization is recorded to reflect the cost, net of anticipated salvage value, associated with the use of the asset in providing government services over the estimated useful life of the asset. Amortization expense is calculated on a straight-line basis over the assets' estimated useful lives. For non-pooled assets, amortization is charged in the year of acquisition beginning in the month subsequent to asset purchase. For pooled assets, amortization is not charged in the year of acquisition and begins in the year subsequent to asset purchase.

Decorations	5 years

2. Summary of significant accounting policies (continued)

Use of estimates

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

3. Tangible capital assets	**2014**	2013
Decorations		
Cost, beginning of year	**$ 28,176**	$ 28,176
Add additions during the year	**-**	-
Less disposals during the year	**-**	-
Cost, end of year	**28,176**	28,176
Accumulated amortization, beginning of year	**13,329**	7,694
Add amortization during the year	**5,635**	5,635
Accumulated amortization, end of year	**18,964**	13,329
Net book value	**$ 9,212**	$ 14,847

4. Accumulated surplus	**2014**	2013
Operating surplus	**$ 878**	$ 2,933
Investment in tangible capital assets	**9,212**	14,847
	$ 10,090	$ 17,780

5. Budget

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

	2014
Approved budgeted annual surplus (deficit)	$ -
Less: amortization of tangible capital assets	(5,635)
Budgeted annual deficit reported on the statement of operations	$ (5,635)

6. Statement of cash flows

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

7. Financial instruments

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