

Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWN OF NIAGARA-ON-THE-LAKE**

For the year ended December 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Town of Niagara-on-the-Lake

We have audited the accompanying consolidated financial statements of the Town of Niagara-on-the-Lake, which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 consolidated financial statements.

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town of Niagara-on-the-Lake as at December 31, 2015, and the consolidated results of its operations and its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 11, 2016
St. Catharines, Canada

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at December 31, 2015

	Actual 2015 \$	Actual 2014 \$
Financial Assets		
Cash	17,945,508	22,823,779
Taxes receivable (note 3)		
Current year	1,338,181	1,469,675
Prior years	1,135,003	1,293,716
Accounts receivable	3,248,553	3,065,014
Debt recoverable from others (note 7)	66,979	40,235
Note receivable (note 4)	7,788,957	3,304,613
Long-term investment (note 4)	17,188,850	16,957,381
	48,712,031	48,954,413
Liabilities		
Accounts payable and accrued liabilities	9,071,102	9,045,037
Deferred revenue (note 5)	10,941,704	9,457,952
Post-employment benefits (note 6)	1,063,097	1,040,487
Net long-term liabilities (note 7)	4,234,467	3,233,945
	25,310,370	22,777,421
Net Financial Assets	23,401,661	26,176,992
Non-Financial Assets		
Tangible capital assets (note 14)	174,016,612	168,286,717
Inventories and prepaid expenses	413,327	198,754
Commitments (note 9)		
Contingencies (note 10)		
	174,429,939	168,485,471
Accumulated Surplus (note 8)	197,831,600	194,662,463

See accompanying notes.

Signed on behalf of the Municipality:

Lord Mayor

Chief Administrative Officer

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
CONSOLIDATED STATEMENT OF OPERATIONS
for the year ended December 31, 2015

	Budget 2015 \$	Actual 2015 \$	Actual 2014 \$
Revenues			
Taxation (note 2)	10,498,348	10,644,585	9,821,497
User fees and charges	10,282,844	11,549,046	11,063,963
Government of Canada grants (note 15)	445,913	451,143	705,787
Province of Ontario grants (note 15)	954,745	1,242,019	968,943
Other municipality funding (note 15)	111,000	320,197	303,007
Deferred revenues earned	1,835,265	2,196,397	2,219,911
Interest and penalties	443,000	424,426	463,989
Investment income	340,743	478,637	469,434
Donations	35,000	66,089	301,010
Contributed assets	-	439,599	233,324
Other	2,181,360	1,329,317	1,480,220
Niagara-on-the-Lake Energy Inc. net income (note 3)	-	658,472	2,757,468
	27,128,218	29,799,927	30,788,553
Expenses			
General government	1,791,340	2,377,281	2,123,697
Protection services	2,807,786	2,810,677	2,730,652
Transportation services	5,248,505	5,591,326	5,201,128
Environmental services	8,828,493	9,425,157	8,917,286
Health services	610,694	608,744	620,431
Recreation	4,472,328	4,780,295	4,649,966
Planning and development	1,205,133	1,110,307	1,066,663
	24,964,279	26,703,787	25,309,823
Annual surplus	2,163,939	3,096,140	5,478,730
Accumulated surplus, beginning of year	194,662,463	194,662,463	189,183,733
Other comprehensive income in Niagara-on-the-Lake Energy Inc.	-	72,997	
Accumulated surplus, end of year	196,826,402	197,831,600	194,662,463

See accompanying notes.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
for the year ended December 31, 2015

	Budget 2015 \$	Actual 2015 \$	Actual 2014 \$
Excess of revenues over expenses	2,163,939	3,169,137	5,478,730
Acquisition of tangible capital assets	-	(10,457,783)	(7,596,665)
Contributed Tangible Capital Assets		(439,599)	(233,324)
Amortization of tangible capital assets	4,908,318	4,908,318	4,701,655
Proceeds on disposal of tangible capital assets	-	18,156	103,305
Loss on disposal of tangible capital assets	-	241,013	34,367
Change in inventories and prepaid expenses	-	(214,573)	120,954
Increase (decrease) in net financial assets	7,072,257	(2,775,331)	2,609,022
Net financial assets, beginning of year	26,176,992	26,176,992	23,567,970
Net financial assets, end of year	33,249,249	23,401,661	26,176,992

See accompanying notes.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended December 31, 2015

	Actual 2015 \$	Actual 2014 \$
Operations		
Excess of revenues over expenses	3,096,140	5,478,730
Items not involving cash:		
Amortization of tangible capital assets	4,908,318	4,701,655
Contributed assets	(439,599)	(233,324)
Niagara-on-the-Lake Energy net income	(658,472)	(2,757,468)
Loss on disposal of tangible capital assets	241,013	34,367
	7,147,400	7,223,960
Changes in non-cash assets and liabilities:		
Taxes receivable	290,207	356,848
Accounts receivable	(183,539)	(756,070)
Inventories and prepaid expenses	(214,573)	120,954
Accounts payable and accrued liabilities	26,065	1,148,780
Lease liability	-	(18,510)
Deferred revenue	1,483,752	880,329
Post-employment benefits	22,610	(11,048)
Net increase in cash from operations	8,571,922	8,945,243
Capital		
Proceeds on disposal of tangible capital assets	18,156	103,305
Acquisition of tangible capital assets	(10,457,783)	(7,596,665)
Net decrease in cash from capital activities	(10,439,627)	(7,493,360)
Investing		
Dividends received	500,001	537,699
Decrease in note receivable	(4,484,344)	496,316
Net increase (decrease) in cash from investing	(3,984,343)	1,034,015
Financing		
New debt issued	1,528,906	-
Debt principal repayments	(555,129)	(530,285)
Net increase (decrease) in cash from financing	973,777	(530,285)
Increase (decrease) in cash	(4,878,271)	1,955,613
Cash, beginning of year	22,823,779	20,868,166
Cash, end of year	17,945,508	22,823,779

See accompanying notes.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

1. Significant Accounting Policies:

The Corporation of the Town of Niagara-on-the-Lake (the "Town") is a municipality that provides municipal services such as fire, public works, planning, parks and recreation, library and other general government operations.

The consolidated financial statements of the Town are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board ("PSAB") of CPA Canada. Significant accounting policies adopted by the Town are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, reserves, reserve funds and changes in investment in tangible capital assets. It includes the activities of all committees of council and the following boards, municipal enterprises and utilities which are under the control of council:

Public Library Board
Niagara-on-the-Lake Energy Inc.

The investment in Niagara-on-the-Lake Energy Inc. ("NOTLEI") is accounted for on a modified equity basis, consistent with the accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Town, and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of NOTLEI in its Consolidated Statement of Operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from NOTLEI will be reflected as reductions in the investment account.

(ii) Partial-consolidated entities:

The Niagara District Airport Commission is operated with a joint local board and is proportionately consolidated.

(iii) Accounting for Region and School Board transactions:

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

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

1. Significant Accounting Policies (continued):

(a) Basis of consolidation (continued):

(iv) Trust funds:

Trust funds and their related operations administered by the Town are not consolidated, but are reported separately on the Statement of Financial Position - Trust Funds and the Statement of Operations - Trust Funds.

(b) Basis of accounting:

(i) Revenues and expenses:

The Town follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

(iii) 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.

Amortization is recorded to reflect the cost, net of anticipated residual value, associated with the use of the asset in providing government services on a straight-line basis over the estimated useful life of the asset. Assets under construction are not amortized until the asset is available for productive use, at which time amortization commences. Gains and/or losses on the disposal of an asset are recorded on the Consolidated Statement of Operations.

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt and are also recorded as revenue. Similarly, transfer of assets to third parties are removed from tangible capital assets and recorded as an expense equal to the net book value of the asset as at the date of the transfer.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2015

1. Significant Accounting Policies (continued):

(b) Basis of accounting (continued):

(iv) Tangible capital assets (continued):

The historical cost of works of art or historical treasures has not been assigned to these assets nor disclosed on the consolidated financial statements.

Asset Class	Useful Life (years)
General Assets:	
Land improvements	5 to 60
Buildings and fixtures	5 to 50
Machinery and equipment	5 to 40
Information technology	2 to 15
Vehicles	5 to 20
Other	5 to 50
Infrastructure:	
Linear	10 to 80
Street lighting and other	7 to 60
Other	7 to 50

Interest on debt incurred during construction of related tangible capital assets is expensed in the statement of operations in the year incurred.

(v) Inventories:

Inventories are valued at average cost.

(vi) Deferred revenue:

Funds received for specific purposes are accounted for as deferred revenue until the Town discharges the liability.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

1. Significant Accounting Policies (continued):

(b) Basis of accounting (continued):

(vii) Government transfers:

Government transfers received are from federal and provincial governments. Government transfers are paid to community organizations. Transfers are recognized in the period in which the events giving rise to the transfers occur, providing the transfers are authorized, eligibility criteria are met, and reasonable estimates of the amounts can be made except when, and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(vii) Taxation revenue:

Taxes receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred.

(viii) Use of estimates:

The preparation of the financial statements in conformity with PSAS 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 year. Actual results could differ from those estimates.

2. Adoption of New Accounting Policy:

The Town adopted Public Sector Accounting Board Standard *PS 3260 Liability for Contaminated Sites* effective April 1, 2014. Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination. The Town adopted this standard on a retroactive basis and there were no adjustments as a result of the adoption of this standard.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2015

3. Tax Receivables and Revenues:

Property tax billings are prepared by the Town based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"). The property tax receivables and tax revenue of the Town are subject to measurement uncertainty as a significant number of appeals submitted by ratepayers have yet to be heard.

The Province of Ontario instituted a mandatory capping program through the provision of Bill 79, which limited assessment related increases to 10% in 1998, and an additional 5% in each of 1999 and 2000. Multi-residential, commercial and industrial property owners experiencing decreases were also capped at appropriate levels to fund the phasing-in of increases. The Province has enacted Bill 140, which serves to extend the capping provisions of Bill 79 indefinitely. The legislation limits assessment related increases in property tax bills to 5%.

4. Investment in Niagara-on-the-Lake Energy Inc.:

	2015	2014
	\$	\$
Statement of Financial Position		
Current Assets	6,224,965	6,361,689
Capital assets	32,085,935	23,501,198
Other assets	4,576,238	1,627,275
Total assets	42,887,138	31,490,162
Current liabilities	7,555,782	7,951,601
Loan payable	916,667	1,016,667
Other liabilities	9,436,897	2,259,900
Long term note payable	7,788,942	3,304,613
Total liabilities	25,698,288	14,532,781
Net Assets	17,188,850	16,957,381
Statement of Operations		
Revenues	27,704,790	25,223,113
Operating expenses	27,046,318	22,465,645
Net Income	658,472	2,757,468

The investment in NOTLEI is represented by 1,001 common shares of the company.

The Town has provided an assignment and postponement of claim on behalf of Niagara-on-the-Lake Energy Inc. for demand installment loans in the amount of \$7,788,957 (2014 - \$3,304,613) used to finance capital expenditures.

During the year the Town received \$269,604 (2014 - \$496,316) as a partial repayment of the note receivable outstanding. The note receivable bears interest at 7.25%. The note is unsecured and there are no fixed terms of repayment.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2015

5. Deferred Revenue:

A requirement of PSAS is that obligatory reserve funds be reported as deferred revenue. These reserve funds are considered obligatory as Provincial legislation restricts how these funds may be used and, under certain circumstances, when these funds will be refunded.

In the case of development charges, revenue recognition occurs after the funds have been collected and when the Town has approved the expenditures and used the funds for the capital project for which the development charges were raised. These funds have been set aside, as required by the Development Charges Act, to support the cost of growth related capital projects associated with new development.

The deferred revenues are made up of the following:

	2014 \$	Externally Restricted Inflows	Revenue Earned	2015 \$
Building Permit Surplus	1,745,376	497,180	-	2,242,556
Canada Gas Tax	-	445,913	445,913	-
Cash-in-lieu of Parking	386,064	-	-	386,064
Development charges	6,223,833	3,275,707	1,835,265	7,664,275
Ontario Community Infrastructure Fund	-	195,245	195,245	-
Recreational land	781,079	70,586	361,133	490,532
Other deferred	321,600	441,624	604,947	158,277
	9,457,952	4,926,255	3,442,503	10,941,704

In addition, transaction activity in the obligatory reserve fund includes:

	2015 \$	2014 \$
Contribution from Development Charges Act	3,211,144	2,403,565
Contribution from Canada Gas Tax	445,913	457,868
Contribution from Building Code Act	497,180	246,374
Contribution from Recreational land (Planning Act)	62,500	151,004
Contribution from Cash-in-lieu of Parking	-	386,064
Contribution from Ontario Community Infrastructure Fund	195,245	-
Other contributions	441,624	289,210
Investment income	72,649	76,726
	4,926,255	4,010,811
Building charges earned	-	-
Development charges earned	(1,835,265)	(2,104,967)
Canada Gas Tax earned	(445,913)	(689,927)
Recreational land (Planning Act) earned	(361,133)	(114,944)
Ontario Community Infrastructure Fund	(195,245)	-
Other contributions earned	(604,947)	(153,202)
	(3,442,503)	(3,063,040)
	1,483,752	947,771

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2015

6. Employee benefits and other liabilities:

The Town of Niagara-on-the-Lake provides certain employees benefits which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance ("WSIB") Act, and life insurance, extended health, and dental benefits to early retirees.

	2015	2014
	\$	\$
Retiree benefits	519,789	502,088
Accrued vacation pay	237,729	215,722
Accumulated sick leave	43,295	46,290
Future payments required to WSIB	262,284	276,387
	1,063,097	1,040,487

Information about the Town's benefit plans is as follows:

	2015	2014
	\$	\$
Accrued benefit obligation:		
Balance, beginning of year	1,010,620	1,161,741
Current benefit cost	31,249	12,201
Interest	22,973	29,977
Actuarial loss	-	(122,865)
Benefits paid	(39,369)	(70,434)
Balance, end of year:	1,025,473	1,010,620
Unamortized actuarial loss	37,624	29,867
Liability for benefits	1,063,097	1,040,487

Amortization of the actuarial loss of \$8,402 (2014 - \$ 17,208) has been included in expenses on the Statement of Operations.

Accrued Vacation Pay

As at December 31, 2015, employees of the Town have accumulated vacation pay credits in the amount of \$237,729 (2014 - \$215,722). Any unused credits may be carried forward to the next year.

Accumulated Sick Leave

Under the Town's sick leave benefit plan, employees can choose to either carry forward up to 5 unused days to the next year, have all unused credits paid out at the end of the year, or any combination of the two choices. Credits are paid out at 50%. The accrued benefit obligation and the expense for the year ended December 31, 2015 were determined by an actuarial review. The last actuarial valuation was performed at December 31, 2014.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

6. Employee benefits and other liabilities (continued):

Retiree Benefits

The Town pays health care, dental, travel and life insurance benefits for early retirees to age 65. The Town recognizes these post-retirement costs in the period in which the employees rendered the services. The accrued benefit liability and the expense for the year ended December 31, 2015 were determined by an actuarial review and analysis of changes made to plans since the last valuation. The last actuarial valuation was performed as at December 31, 2014.

Accrued WSIB

The Town has elected to be treated as a Schedule 1 employer for the purposes of WSIB where a premium is paid to cover the Town's responsibilities under the Workplace Safety and Insurance Board Act ("WSIB"). In the past, the Town was a Schedule 2 employer whereby the Town was responsible to fund disability payments. WSIB has provided the Town an estimate of the value of the future benefits for which the Town is responsible.

Actuarial Assumptions

The main actuarial assumptions employed for the valuations are as follows:

Interest (discount rate):

The accrued benefit obligation was determined using a discount rate of 4.5%.

Inflation

Inflation was assumed to be 2%.

Medical, dental and travel costs

Medical, dental and travel costs are assumed to increase at a rate of 5.109% per year reducing by 0.2223% per year over 5 years to 4.0% in 2020 and 4.0% per year thereafter.

Salary escalations

Future salary has been assumed to escalate at a rate of 3.0% per year.

Pension Agreements

The Town 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.

The amount contributed to OMERS for 2015 was \$587,929 (2014 - \$601,526) for current service and is included as an expenditure in the consolidated statement of operations. Employees' contribution to OMERS in 2015 was \$587,929 (2014 - \$601,526).

Contributions for employees with a normal retirement age of 65 were being made at a rate of 9% for earnings up to the yearly maximum pensionable earnings of \$53,600 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings.

The OMERS pension plan has a deficit at December 31, 2015 of \$7.0 billion (2014 - \$7.1 billion) based on an actuarial valuation of plan assets.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

7. Net Long-Term Liabilities:

- (a) The balance of net long-term liabilities reported on the "Consolidated Statement of Financial Position" is made up as follows:

	2015 \$	2014 \$
The Town has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities.	4,234,467	3,233,945
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage loans have been assumed by individuals.	(66,979)	(40,235)
Net long-term liabilities, end of year	4,167,488	3,193,710

- (b) 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.
- (c) Of the net long-term liabilities reported in (a) of this note, principal payments due are as follows:

	\$
2016	569,978
2017	590,393
2018	611,436
2019	436,157
2020	451,604
Thereafter	1,507,920
	4,167,488

- (d) Interest charges on long-term debt in the amount of \$127,308 (2014 - \$130,785) are included on the Consolidated Statement of Operations, classified under the appropriate functional expense heading. The long-term debt bears interest at rates ranging from 1.35% to 10.45% payable semi-annually. The long-term liabilities mature at various times up to 2030.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

8. Accumulated Surplus:

	2015 \$	2014 \$
Invested in tangible capital assets	174,016,612	168,286,717
Operating fund	3,002,204	3,765,689
Reserves and reserve funds	8,854,519	10,386,873
Niagara-on-the-Lake Energy Inc. net equity	17,188,850	16,457,381
	203,062,185	198,896,660
Amounts to be recovered		
Post-employment benefits	(1,063,097)	(1,040,487)
Net long-term liabilities	(4,167,488)	(3,193,710)
	(5,230,585)	(4,234,197)
	197,831,600	194,662,463

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2015

8. Accumulated Surplus (continued):

Reserves and reserve fund balances

	2015 \$	2014 \$
Reserves set aside by council for specific purposes:		
Base mapping	7,000	-
Bridges & culverts	400,000	400,000
Capital levy	1,377,740	1,552,824
Capital variance	79,921	234,727
Community centre	113,852	143,852
Computer equipment	-	35,971
Contingencies	325,786	325,786
Corporate studies	123,122	153,860
Dock area improvement	641,548	582,521
Donations	23,034	-
Economic development	-	11,191
Election expenses	11,734	(6,266)
Grants and other	-	12,500
Irrigation	149,085	119,021
Insurance	-	144,190
Land acquisition	-	18,324
Ontario disabilities	82,617	117,853
OMB Appeals	200,000	-
Parking revenue	873,572	677,604
Provision for debt reduction	-	6,875
Rate stabilization	-	5,694
Replacement of building department equipment	33,777	27,777
Replacement of fire equipment	-	24,341
Replacement of fleet equipment	310,722	415,913
Replacement of protection services equipment	34,000	28,000
Road improvements	25,175	-
Sidewalk improvements	109,779	109,779
Storm water management	106,322	254,927
Street lighting	37,946	61,722
Training and development	11,857	11,857
Upgrade to public works building	-	51,042
Wastewater capital improvements	638,195	1,594,332
Wastewater rate stabilization	228,428	228,428
Water capital improvements	2,382,053	2,548,202
Water rate stabilization	194,486	194,486
Winter maintenance	85,192	85,192
Working funds	100,000	100,000
Total Reserves	8,706,943	10,272,525

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2015

8. Accumulated Surplus (continued):

Reserves and reserve fund balances - continued

	2015	2014
	\$	\$
Reserve Funds set aside by council for specific purposes:		
Bequest/Garden	6,240	16,202
Library development and computer	76,580	41,843
Library donations	8,145	-
Recreation Enhancement	56,611	56,303
Total Reserve Funds	147,576	114,348
	8,854,519	10,386,873

9. Commitments:

(a) Capital expenditures

The estimated future capital expenditures based on projects in progress at December 31, 2015 is approximately \$2,038,734 (2014 - \$3,685,744) after deducting the expenditures incurred as at December 31, 2015. These projects will be financed by grants, subsidies and long-term liabilities in future years.

(b) Niagara Health System

The Town is currently committed to funding \$3,500,000 of the local share of the construction costs of the Niagara Health System ("NHS") hospital located in St. Catharines. The Town has approved a plan to fund this commitment through annual tax levies in the Years 2011 to 2031. The plan is dependant upon future councils approving this levy on an annual basis. A balance of \$2,757,846 is owing on this commitment at December 31, 2015 (2014 - \$3,045,797).

10. Contingent Liabilities:

From time to time, the Town is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts, including punitive or extraordinary damages. In respect of any outstanding claims, the Town 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.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

11. Contributions to Joint Board:

The following contributions were made by the Town to:

	2015 \$	2014 \$
Niagara District Airport Commission	38,089	34,981

The Town's share of the net assets of the Niagara District Airport Commission is approximately 6%.

12. Segmented Reporting:

The Town is a lower tier municipal government that provides a wide range of services to its citizens. Segmented information has been identified based on functional classification as categorized by the Financial Information Return. These classifications are as follows:

General Government

The mandate of this functional area is to provide political governance, administrative executive management and those expenses and revenues which are corporate in nature and cannot be easily apportioned to other departments. Reported in this functional area are departments such as Council, Clerks, CAO, Finance, Human Resources, Legal, Information Systems and Capital Assets.

Protection

Reported in this functional area are Fire and Building Services. The mandate of Fire Services is to provide emergency services through a range of services to protect the lives and property of the inhabitants of the Town. The mandate of Building Services is to inform and assist customers to ensure safe and orderly development and provide efficient delivery of building approvals, inspections and management systems.

Transportation

Reported in this functional area are Roads and Works. The mandate for Roads and Works is to provide quality road and traffic maintenance and operations to the residents and businesses of the Town. This area is also responsible for winter control.

Environment

Reported in this functional area are Sanitary, Storm and Water Systems. The mandate is to provide a safe and reliable water resource system and is responsible for the maintenance and operation of the systems and monitoring and administering environmental programs.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

12. Segmented Reporting (continued):

Health

Reported in this functional area is Cemetery Services. The mandate is to ensure the benefit and protection of each citizen who has purchased or has an interest in internment rights within each cemetery.

Recreation

Reported in this functional area are Parks, Recreation and Culture. The Parks department is responsible for the maintenance, improvement and beautification of various parks as well as the planning and construction of new parkland and open space. The Recreation and Culture departments are responsible for the delivery of various related programs and the provision of facilities as well as the support of groups and organizations throughout the Municipality.

Planning and Development

Reported in this functional area are Planning & Development. Planning creates the policy framework and implementation tools required to shape the future of the Town. Development is responsible for ensuring that the Town's land development standards are achieved on all development applications.

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.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2015

12. Segmented Reporting (continued):

2015	General Government	Protection	Transportation	Environment	Health	Recreation	Planning and Development	Total
Revenues	\$	\$	\$	\$	\$	\$	\$	\$
Taxation	4,272,267	1,290,119	2,239,008	-	82,125	2,271,381	489,685	10,644,585
User fees and charges	180,748	816,252	1,229,617	8,319,301	173,888	322,022	507,218	11,549,046
Government grants	799,164	50,329	1,060,093	9,346	-	46,206	48,221	2,013,359
Other	4,494,866							4,494,866
Contributed Assets	439,599							439,599
Government business enterprise	658,472							658,472
Total revenues	10,845,116	2,156,700	4,528,718	8,328,647	256,013	2,639,609	1,045,124	29,799,927
Expenses								
Salaries and wages	2,009,999	1,371,953	1,763,015	729,862	158,010	2,332,206	880,697	9,245,742
Operating materials and supplies	847,461	383,588	842,809	567,480	127,965	1,271,569	137,024	4,177,896
Contracted services	405,615	85,190	1,252,187	5,107,454	575	37,421	150,184	7,038,626
Rents and financial expenses	161,025	-	3,468	170,493		4,501		339,487
Interfunctional transfers	(1,856,342)	529,003	311,764	816,137	21,058	310,128	(131,748)	-
Amortization	303,571	405,790	1,397,606	1,962,054	13,185	823,570	2,542	4,908,318
Loss on Sale of Tangible Capital Assets	241,013							241,013
External transfers	264,939				287,951	900	69,350	623,140
Debt service	-	35,153	20,477	71,677			2,258	129,565
Total expenses	2,377,281	2,810,677	5,591,326	9,425,157	608,744	4,780,295	1,110,307	26,703,787
Annual surplus / (deficit)	8,467,835	(653,977)	(1,062,608)	(1,096,510)	(352,731)	(2,140,686)	(65,183)	3,096,140

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2015

12. Segmented Reporting (continued):

2014	General Government	Protection	Transportation	Environment	Health	Recreation	Planning and Development	Total
Revenues	\$	\$	\$	\$	\$	\$	\$	\$
Taxation	3,501,352	1,268,716	2,447,422	-	25,881	2,094,206	483,920	9,821,497
User fees and charges	191,351	828,881	1,091,220	8,032,670	179,818	272,426	467,597	11,063,963
Government grants	1,459,602	79,860	313,433	28,437	-	61,405	35,000	1,977,737
Other	4,934,564	-	-	-	-	-	-	4,934,564
Contributed Assets	233,324	-	-	-	-	-	-	233,324
Government business enterprise	2,757,468	-	-	-	-	-	-	2,757,468
Total revenues	13,077,661	2,177,457	3,852,075	8,061,107	205,699	2,428,037	986,517	30,788,553
Expenses								
Salaries and wages	2,041,858	1,368,690	1,662,674	817,123	172,295	2,207,000	809,211	9,078,851
Operating materials and supplies	573,195	382,527	826,949	240,571	109,588	1,140,817	117,426	3,391,073
Contracted services	419,902	68,817	1,195,483	5,076,464	158	55,303	129,904	6,946,031
Rents and financial expenses	240,549	-	-	-	17,928	1,367	-	259,844
Interfunctional transfers	(1,723,545)	469,686	251,866	759,099	21,058	289,548	(67,712)	-
Amortization	248,430	395,371	1,258,953	1,944,008	11,453	838,834	4,607	4,701,656
Loss on Sale of Tangible Capital Assets	34,367	-	-	-	-	-	-	34,367
External transfers	288,941	-	-	-	287,951	117,097	70,000	763,989
Debt service	-	45,561	5,203	80,021	-	-	3,227	134,012
Total expenses	2,123,697	2,730,652	5,201,128	8,917,286	620,431	4,649,966	1,066,663	25,309,823
Annual surplus / (deficit)	10,953,964	(553,195)	(1,349,053)	(856,179)	(414,732)	(2,221,929)	(80,146)	5,478,730

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2015

13. Budget Data:

The unaudited budget data presented in these consolidated financial statements are based upon the 2015 operating and capital budgets approved by Council. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements. Budgets established for tangible capital asset acquisitions are on a project-oriented basis, the costs of which may be carried out over one or more years. Where amounts were budgeted for on a project-oriented basis, the actual amounts for 2015 were used in order to adjust the budget numbers to reflect the same basis of accounting that was used to report the actual results. In addition, to ensure comparability of expenses, the allocation of program support costs completed for actual reporting was also applied to the budget amounts.

The chart below reconciles the approved budget figures reported on the Consolidated Statement of Operations.

Revenues:		
	Operating Budget	26,274,497
		26,274,497
Add:		
	Development Charges	1,835,265
	Canada Gas Tax	445,913
	Ontario Community Infrastructure Fund	195,245
	Recreational Land (the Planning Act)	361,132
		2,837,555
Less:		
	Transfer to reserves, including capital	(1,214,230)
	Principal and dividends from NOTLEI	(769,604)
		(1,983,834)
	Total Revenues	27,128,218
Expenses:		
	Operating Budget	26,274,497
		26,274,497
Add:		
	Amortization	4,908,318
		4,908,318
Less:		
	Employee Future Benefits	(22,610)
	Transfer to reserves, including capital	(5,542,308)
	Debt Principal Payments	(653,618)
		(6,218,536)
	Total Expenses	24,964,279
	Annual Surplus	2,163,939

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

14. Tangible Capital Assets:

(a) Work in Progress

Work in progress having a value of \$3,242,214 (2014 - \$2,340,730) is not depreciated. Depreciation of these assets commence when the assets are placed in service. No interest was capitalized during the period.

(b) Contributed Capital Assets

Contributed capital assets are recognized at fair market value at the date of contribution. The value of contributed assets during the year is \$439,599 (2014 - \$233,324).

(c) Tangible Capital Assets Disclosed at Nomical Values

Where an estimate of fair market value could not be made for a tangible capital asset, the asset was recongized at a nominal value. Nominal values totalling \$135 have been assigned to Buildings, Land, Machinery and Equipment, Land Improvements, and Linear Asset categories.

(d) Works of Art and Historical Treasures

No works of art or historical treasures are held by the Town.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2015

14. Tangible Capital Assets (continued):

2015	Opening NBV	Opening Cost	Additions	Disposals	Closing Balance	Opening Accumulated Amortization	Amortization	Deletions	Closing Accumulated Amortization	Closing NBV
General	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	4,930,216	4,930,216	553,515	87,162	5,396,569	-	-	-	-	5,396,569
Land improvements	2,487,997	3,907,189	334,630	12,692	4,229,127	1,419,192	169,397	12,691	1,575,898	2,653,229
Buildings and fixtures	15,073,595	23,337,784	3,087,178	55,965	26,368,997	8,264,189	655,886	41,785	8,878,290	17,490,707
Machinery and equipment	2,293,823	4,102,582	1,139,905	138,242	5,104,245	1,808,759	264,495	132,798	1,940,456	3,163,789
Vehicles	3,666,934	7,009,262	367,259	288,825	7,087,696	3,342,328	465,699	221,777	3,586,250	3,501,446
Information technology	681,193	1,639,930	177,890	41,535	1,776,285	958,737	222,431	41,535	1,139,633	636,652
Exterior lighting	1,553,295	2,588,967	122,570	87,794	2,623,743	1,035,672	139,967	87,794	1,087,845	1,535,898
Subtotal: General Assets	30,687,053	47,515,930	5,782,947	712,215	52,586,662	16,828,877	1,917,875	538,380	18,208,372	34,378,290
Infrastructure										
Linear assets	131,365,760	174,859,029	3,637,116	247,981	178,248,164	43,493,269	2,835,978	237,750	46,091,497	132,156,667
Streetlighting	1,262,318	2,080,805	501,209	248,432	2,333,582	818,487	66,916	173,329	712,074	1,621,508
Other	2,630,857	3,789,266	74,626	-	3,863,892	1,158,409	87,549	-	1,245,958	2,617,934
Subtotal: Infrastructure assets	135,258,935	180,729,100	4,212,951	496,413	184,445,638	45,470,165	2,990,443	411,079	48,049,529	136,396,109
Work in progress										
Opening balance	2,340,730	2,340,730	10,897,382	-	13,238,112	-	-	-	-	-
Internally transferred	-	-	(9,995,898)	-	(9,995,898)	-	-	-	-	-
Subtotal: Work in progress	2,340,730	2,340,730	901,484	-	3,242,214	-	-	-	-	3,242,214
Grand total as at Dec. 31, 2015	168,286,718	230,585,760	10,897,382	1,208,628	240,274,514	62,299,042	4,908,318	949,459	66,257,901	174,016,613

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2015

14. Tangible Capital Assets (continued):

2014	Opening NBV	Opening Cost	Additions	Disposals	Closing Balance	Opening Accumulated Amortization	Amortization	Deletions	Closing Accumulated Amortization	Closing NBV
General	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	4,690,845	4,690,845	239,371	-	4,930,216	-	-	-	-	4,930,216
Land improvements	2,284,634	3,673,691	375,162	141,664	3,907,189	1,389,057	161,354	131,219	1,419,192	2,487,997
Buildings and fixtures	15,664,066	23,306,259	31,525	-	23,337,784	7,642,193	621,996	-	8,264,189	15,073,595
Machinery and equipment	2,581,842	4,806,915	95,349	799,682	4,102,582	2,225,073	232,772	649,086	1,808,759	2,293,823
Vehicles	3,684,577	6,748,667	451,370	190,775	7,009,262	3,064,090	459,490	181,252	3,342,328	3,666,934
Information technology	731,503	1,546,511	160,070	66,651	1,639,930	815,008	210,127	66,398	958,737	681,193
Exterior lighting	1,497,960	2,480,811	108,156	-	2,588,967	982,851	142,593	89,772	1,035,672	1,553,295
Subtotal: General Assets	31,135,427	47,253,699	1,461,003	1,198,772	47,515,930	16,118,272	1,828,332	1,117,727	16,828,877	30,687,053
Infrastructure										
Linear assets	128,000,567	168,862,032	6,155,605	158,608	174,859,029	40,861,465	2,733,783	101,979	43,493,269	131,365,760
Streetlighting	1,285,723	2,077,047	40,891	37,133	2,080,805	791,324	64,296	37,133	818,487	1,262,318
Other	1,727,324	2,823,293	978,774	12,801	3,789,266	1,095,969	75,243	12,803	1,158,409	2,630,857
Subtotal: Infrastructure assets	131,013,614	173,762,372	7,175,270	208,542	180,729,100	42,748,758	2,873,322	151,915	45,470,165	135,258,935
Work in progress										
Opening balance	3,147,014	3,147,014	8,839,893	-	11,986,907					
Internally transferred			(9,646,177)		(9,646,177)					
Subtotal: Work in progress	3,147,014	3,147,014	(806,284)	-	2,340,730					2,340,730
Grand total as at Dec. 31, 2014	165,296,055	224,163,085	7,829,989	1,407,314	230,585,760	58,867,030	4,701,654	1,269,642	62,299,042	168,286,718

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

15. Government Transfers:

Government transfers do not include payment in lieu of taxes received from Federal and Provincial governments. These amounts are included with taxation revenue on the Consolidated Statement of Operations.

	Budget 2015 \$	2015 \$	2014 \$
Operating Transfers			
Federal	-	5,230	15,860
Provincial	954,745	1,046,774	968,943
Upper-Tier/Other Municipalities	111,000	320,197	303,007
	<u>1,065,745</u>	<u>1,372,201</u>	<u>1,287,810</u>
Capital Transfers			
Federal	445,913	445,913	689,927
Provincial	195,245	195,245	-
	<u>641,158</u>	<u>641,158</u>	<u>689,927</u>
Total Transfers	<u>1,706,903</u>	<u>2,013,359</u>	<u>1,977,737</u>

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

SCHEDULE OF LIBRARY FUND ACTIVITIES

for the year ended December 31, 2015

	Budget \$	2015 \$	2014 \$
Revenues			
Development charges	-	151,266	132,121
Municipal grant	552,061	552,061	538,596
Donations	3,000	4,570	127,895
Provincial grants	35,476	40,976	45,545
Miscellaneous	27,800	38,914	39,640
Other grants	4,000	5,230	15,860
	622,337	793,017	899,657
Expenditures			
Amortization	-	108,932	116,836
Insurance	6,000	6,267	5,970
Licensing and computer support	12,600	11,733	17,084
Memberships	1,800	1,527	1,569
General library expenses	23,100	31,296	21,986
Office supplies	36,200	48,964	42,846
Professional development	5,500	4,433	5,501
Professional fees	1,000	-	700
Program expenditures	7,500	9,397	12,154
Public relations	3,000	2,886	1,742
Purchases for resale	-	-	120
Rent	60,000	60,000	60,000
Telephone	1,800	2,198	1,604
External transfers	-	-	116,347
Wages and benefits	448,085	441,735	394,662
Workshops	3,000	3,022	2,982
	609,585	732,390	802,103
Annual surplus	12,752	60,627	97,554
Add: Amortization of tangible capital assets	-	108,932	116,836
Less: Acquisition of tangible capital assets	-	(76,132)	(78,024)
Transfers (to) / from reserve fund	(12,752)	(18,293)	82,269
Library Fund, end of year	-	75,134	218,635



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Town of Niagara-on-the-Lake

We have audited the accompanying financial statements of the trust funds of The Town of Niagara-on-the-Lake, which comprise the statement of financial position as at December 31, 2015, the statements of operations and cash flows for the year then ended, and notes, comprising 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position of the trust funds of the Town of Niagara-on-the-Lake as at December 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

April 11, 2016
St. Catharines, Canada

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

STATEMENT OF FINANCIAL POSITION - TRUST FUNDS

for the year ended December 31, 2015

	Cemetery Care & Maintenance \$	Cemetery Preneds Internments \$	2015 Total \$	2014 Total \$
Assets				
Cash	851,342	145,047	996,389	960,384
Liabilities				
Due to operating fund	8,076	31	8,107	4,038
	843,266	145,016	988,282	956,346
Fund Balances				
Fund balances	843,266	145,016	988,282	956,346
	843,266	145,016	988,282	956,346

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

STATEMENT OF OPERATIONS - TRUST FUNDS

for the year ended December 31, 2015

	Cemetery Care & Maintenance \$	Cemetery Preneeds Internments \$	2015 Total \$	2014 Total \$
Balance, Beginning of Year	812,834	143,512	956,346	916,637
Receipts				
Care & Maintenance Agreements	30,432	-	30,432	28,161
Interest earned	8,679	1,504	10,183	29,067
	39,111	1,504	40,615	57,228
Expenditures				
Interest transferred to:				
Cemetery maintenance	8,679		8,679	9,941
Cemetery preneeds		-	-	3,341
Election expenses	-	-	-	4,237
	8,679	-	8,679	17,519
Excess of receipts over expenditures	30,432	1,504	31,936	39,709
Balance, End of Year	843,266	145,016	988,282	956,346

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

STATEMENT OF CASH FLOWS - TRUST FUNDS

for the year ended December 31, 2015

	Actual 2015 \$	Actual 2014 \$
Operations		
Excess of receipts over expenditures	31,936	39,709
Sources (Uses)		
Change in interest receivable	804	896
Change in due from operating fund	3,265	75,949
	4,069	76,845
Increase in Cash	36,005	116,554
Cash, Beginning of Year	960,384	843,830
Cash, End of Year	996,389	960,384

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

NOTES TO THE FINANCIAL STATEMENTS - TRUST FUNDS

for the year ended December 31, 2015

1. Significant Accounting Policies

The financial statements of the Town's trust funds are prepared by management in accordance with Canadian public sector standards ("PSAS") for the public sector established by the Public Sector Accounting Board ("PSAB") of CPA Canada.

(a) Basis of accounting

- (i) Receipts and expenditures are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.