

Consolidated Financial Statements of

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

Year ended December 31, 2016



KPMG LLP
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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, 2016, the consolidated statements of operations, changes 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 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 statement of financial position of the Town of Niagara-on-the-Lake as at December 31, 2016, and its consolidated results of operations and the changes in its consolidated 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

May 8, 2017
St. Catharines, Canada

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

Consolidated Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Financial assets		
Cash	\$ 20,000,557	\$ 17,945,508
Taxes receivable (note 2)		
Current year	1,008,961	1,338,181
Previous years	636,876	1,135,003
Accounts receivable	3,138,727	3,248,553
Debt recoverable from others (note 6)	51,596	66,979
Note receivable (note 3)	9,306,723	7,788,957
Long-term investment (note 3)	17,699,729	17,188,850
	<u>51,843,169</u>	<u>48,712,031</u>
Financial liabilities		
Accounts payable and accrued liabilities	8,110,182	9,071,102
Deferred revenue (note 4)	11,975,057	10,941,704
Post-employment benefits (note 5)	1,121,146	1,063,097
Net long term liabilities (note 6)	3,649,106	4,234,467
	<u>24,855,491</u>	<u>25,310,370</u>
Net financial assets	<u>26,987,678</u>	<u>23,401,661</u>
Non-financial assets		
Tangible capital assets (note 13)	174,424,724	174,016,612
Inventories and prepaid expenses	395,973	413,327
	<u>174,820,697</u>	<u>174,429,939</u>
Commitments (note 8)		
Contingencies (note 9)		
Accumulated surplus (note 7)	<u>\$201,808,375</u>	<u>\$ 197,831,600</u>

The accompanying notes are an integral part of these consolidated financial statements.

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

Year ended December 31, 2016, with comparative information for 2015

	Budget (note 12)	2016	2015
Revenues			
Taxation (note 2)	\$ 10,934,193	\$ 11,338,711	\$ 10,644,585
User fees and charges	10,111,894	12,746,106	11,549,046
Government of Canada grants (note 14)	449,913	474,196	451,143
Province of Ontario grants (note 14)	953,121	896,734	1,242,019
Other municipality funding (note 14)	100,000	188,485	320,197
Deferred revenues earned	1,120,576	1,997,029	2,196,397
Interest and penalties	443,000	376,336	424,426
Investment income	323,050	531,874	478,637
Donations	35,000	197,592	66,089
Contributed assets	328,670	328,670	439,599
Gain on disposition of tangible capital assets	577,292	577,292	-
Other	2,065,423	1,161,142	1,329,317
Niagara-on-the-Lake Energy Inc. net income (note 3)	-	1,010,879	658,472
Total revenues	27,442,132	31,825,046	29,799,927
Expenses			
General government	2,450,835	2,512,972	2,377,281
Protection services	2,729,537	2,717,109	2,810,677
Transportation services	5,394,865	6,154,940	5,591,326
Environmental services	9,301,490	9,716,949	9,425,157
Health services	610,469	539,679	608,744
Recreation	4,599,404	4,734,811	4,780,295
Planning and development	1,448,764	1,471,811	1,110,307
Total expenses	26,535,364	27,848,271	26,703,787
Annual surplus	906,768	3,976,775	3,096,140
Accumulated surplus, beginning of year	197,831,600	197,831,600	194,662,463
IFRS transition adjustment of Niagara-on-the-Lake Energy Inc.	-	-	72,997
Accumulated surplus, end of year	\$198,738,369	\$201,808,375	\$197,831,600

The accompanying notes are an integral part of these consolidated financial statements.

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

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Excess of revenues over expenses	\$ 3,976,775	\$ 3,096,140
Acquisition of tangible capital assets	(6,894,243)	(10,457,783)
Contributed tangible capital assets	(328,670)	(439,599)
Amortization of tangible capital assets	5,142,526	4,908,318
Proceeds on disposal of tangible capital assets	2,249,567	18,156
Loss (gain) on disposal of tangible capital assets	(577,292)	241,013
Change in inventories and prepaid expenses	17,354	(214,573)
	3,586,017	(2,848,328)
Net financial assets, beginning of year	23,401,661	26,176,992
IFRS transition adjustment of Niagara-on-the-Lake Energy Inc.	-	72,997
Net financial assets, end of year	\$ 26,987,678	\$ 23,401,661

The accompanying notes are an integral part of these consolidated financial statements.

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

Consolidated Statement of Cash Flows

December 31, 2016 with comparative information for 2015

	2016	2015
Operations		
Excess of revenues over expenses	\$ 3,976,775	\$ 3,096,140
Items not involving cash:		
Amortization of tangible capital assets	5,142,526	4,908,318
Contributed assets	(328,670)	(439,599)
Niagara-on-the-Lake Energy net income	(1,010,879)	(658,472)
Loss (gain) on disposal of tangible capital assets	(577,292)	241,013
	7,202,460	7,147,400
Change in non-cash assets and liabilities:		
Taxes receivable	827,347	290,207
Accounts receivable	109,826	(183,539)
Inventories and prepaid expenses	17,354	(214,573)
Accounts payable and accrued liabilities	(960,920)	26,065
Deferred revenue	1,033,353	1,483,752
Post-employment benefits	58,049	22,610
Net increase in cash from operations	8,287,469	8,571,922
Capital		
Proceeds on disposal of tangible capital assets	2,249,567	18,156
Acquisition of tangible capital assets	(6,894,243)	(10,457,783)
Net decrease in cash from capital activities	(4,644,676)	(10,439,627)
Investing		
Dividend received	500,000	500,001
Decrease in note receivable	(1,517,766)	(4,484,344)
Net decrease in cash from investing	(1,017,766)	(3,984,343)
Financing		
New debt issued	-	1,528,906
Debt principal repayments	(569,978)	(555,129)
Net increase (decrease) in cash from financing	(569,978)	973,777
Increase (decrease) in cash	2,055,049	(4,878,271)
Cash, beginning of year	17,945,508	22,823,779
Cash, end of year	\$ 20,000,557	\$ 17,945,508

The accompanying notes are an integral part of these consolidated financial statements.

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

Notes to Consolidated Financial Statements

Year ended December 31, 2016

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. The Town's share is 6%.

(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.

(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.

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

Notes to Consolidated Financial Statements

Year ended December 31, 2016

1. Significant accounting policies (continued):

(b) Basis of accounting:

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

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

Notes to Consolidated Financial Statements

Year ended December 31, 2016

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(iii) Tangible capital assets (continued):

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	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.

(iv) Inventories:

Inventories are valued at average cost.

(v) Deferred revenue:

Funds received for specific restricted purposes are accounted for as deferred revenue until the Town uses the funds for the specific restricted purpose.

(vi) 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) Tax 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.

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

Notes to Consolidated Financial Statements

Year ended December 31, 2016

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(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. Taxes receivable 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 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 legislation which serves to extend the capping provisions of Bill 79 indefinitely. The legislation limits assessment related increases in property tax bills to 5%.

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

Notes to Consolidated Financial Statements

Year ended December 31, 2016

3. Investments in Niagara-on-the-Lake Energy Inc.:

Financial Position:

	2016	2015
Assets:		
Current	\$ 6,624,809	\$ 6,224,965
Capital	28,505,038	32,085,935
Other non-current	4,408,782	2,291,907
Regulatory balances	4,408,782	1,935,759
Total assets and regulatory balances	\$ 43,947,411	\$ 42,538,566
Liabilities:		
Current	\$ 7,824,497	\$ 7,555,782
Notes payable to Town of Niagara-on-the-Lake	9,306,708	7,788,942
Long-term debt	816,667	916,667
Other	3,245,363	1,605,616
Regulatory balances	2,504,168	2,751,510
Total liabilities and regulatory balances	23,697,403	20,618,517
Equity:		
Share capital	7,054,844	7,054,844
Retained earnings	10,573,603	10,062,724
Accumulated other comprehensive income	70,873	70,873
Total equity	17,699,320	17,188,441
Total liabilities, regulatory balances and equity	\$ 41,496,723	\$ 37,971,831

Operations:

	2016	2015
Revenue	\$ 31,996,514	\$ 27,552,475
Expenses (including income tax provision)	31,255,312	26,573,313
Net movement in regulatory balances (net of tax)	269,677	(312,099)
Net income and net movement in regulatory balances, being		
total comprehensive income	1,010,879	658,063
Dividend paid to Town of Oakville	(500,000)	(500,000)
Change in investment in Niagara-on-the-Lake Energy Inc.	\$ 510,879	\$ 158,063

Town of Niagara-on-the-Lake investment represented by:

	2016	2015
Investment in shares of the Corporation	\$ 7,054,844	\$ 7,054,844
Accumulated net income, net of dividends received	10,644,885	10,134,006
Total investment in Niagara-on-the-Lake Energy Inc.	\$ 17,699,729	\$ 17,188,850

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

Notes to Consolidated Financial Statements

Year ended December 31, 2016

3. Investments in Niagara-on-the-Lake Energy Inc. (continued):

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 \$9,306,723 (2015 - \$7,788,957) used to finance capital expenditures.

During the year the Town received \$732,234 (2015 - \$515,655) as partial repayment of the outstanding notes receivable. The notes receivable bears interest between 3.00% - 7.25% and are unsecured. There are no fixed terms of repayment for the promissory note receivable, the other notes receivable are to be paid within 10 years.

4. 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:

	2015	Externally restricted inflows	Revenue earned	2016
Building permit surplus	\$ 2,242,556	\$ 298,752	\$ 575,715	\$ 1,965,593
Canada gas tax	-	468,209	445,913	22,296
Cash-in-lieu of parking	386,064	-	-	386,064
Development charges	7,664,275	2,112,828	1,120,577	8,656,526
Ontario Community Infrastructure Fund	-	195,245	152,948	42,297
Recreational land	490,532	384,979	300,737	574,774
Other deferred	158,277	322,018	152,788	327,507
	<u>\$10,941,704</u>	<u>\$ 3,782,031</u>	<u>\$ 2,748,678</u>	<u>\$ 11,975,057</u>

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

Notes to Consolidated Financial Statements

Year ended December 31, 2016

5. 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.

	2016	2015
Retiree benefits	\$ 552,540	\$ 519,789
Accrued vacation pay	246,448	237,729
Accumulated sick leave	40,723	43,295
Future payments required to WSIB	281,435	262,284
	<u>\$ 1,121,146</u>	<u>\$ 1,063,097</u>

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

	2016	2015
Accrued benefit obligation:		
Balance, beginning of year	\$ 1,025,473	\$ 1,010,620
Current benefit cost	52,753	31,249
Interest	23,619	22,973
Actuarial loss	-	-
Benefits paid	(26,081)	(39,369)
Balance, end of year	<u>1,075,764</u>	<u>1,025,473</u>
Unamortized actuarial gain	45,382	37,624
Liability for benefits	<u>\$ 1,121,146</u>	<u>\$ 1,063,097</u>

Amortization of the actuarial gain of \$7,757 (2015 - \$8,402) has been included in expenses on the Statement of Operations.

Accrued Vacation Pay

As at December 31, 2016, employees of the Town have accumulated vacation credits in the amount of \$246,448 (2015 - \$237,729). 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 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, 2016 were determined by an actuarial review. The last actuarial valuation was performed on December 31, 2014.

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

Notes to Consolidated Financial Statements

Year ended December 31, 2016

5. 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, 2016 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 to 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 2016 was \$597,455 (2015 - \$587,929) for current service and is included as an expenditure in the consolidated statement of operations. Employees' contribution to OMERS in 2016 was \$597,455 (2015 - \$587,929).

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 \$54,900 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings.

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

Notes to Consolidated Financial Statements

Year ended December 31, 2016

5. Employee benefits and other liabilities (continued):

The OMERS pension plan has a deficit at December 31, 2016 of \$5.7 billion (2015 - \$7.0 billion) based on an actuarial valuation of plan assets.

6. Net long-term liabilities:

(a) The balance of net long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2016	2015
The Town has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities.	\$ 3,649,106	\$ 4,234,467
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage, have been assumed by individuals.	(51,596)	(66,979)
Net long-term liabilities, end of year	\$ 3,597,510	\$ 4,167,488

(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 are as follows:

2016	\$ 590,393
2017	611,436
2018	436,157
2019	451,604
2020	232,949
Thereafter	1,274,971
	\$ 3,597,510

(d) Interest charges on long-term debt in the amount of \$153,324 (2015 - \$129,565) 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 semiannually. 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

Year ended December 31, 2016

7. Accumulated surplus:

	2016	2015
Invested in tangible capital assets	\$ 174,424,724	\$ 174,016,612
Operating fund	2,668,367	3,002,204
Reserves and reserve funds	11,734,211	8,854,519
Niagara-on-the-Lake Energy Inc., net equity	17,699,729	17,188,850
	206,527,031	203,062,185
Amounts to be recovered		
Post-employment benefits	(1,121,146)	(1,063,097)
Net long-term liabilities	(3,597,510)	(4,167,488)
	(4,718,656)	(5,230,585)
	\$ 201,808,375	\$ 197,831,600

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

Notes to Consolidated Financial Statements

Year ended December 31, 2016

7. Accumulated surplus (continued):

Reserve and reserve balances:

	2016	2015
Reserves set aside by Council for specific purposes:		
Base mapping	\$ 7,000	\$ 7,000
Bridges and culverts	69,010	400,000
Capital levy	2,962,817	1,377,740
Capital variance	133,133	79,921
Community centre	85,773	113,852
Contingencies	325,786	325,786
Corporate studies	389,622	123,122
Dock area improvement	715,737	641,548
Donations	23,034	23,034
Election expenses	30,234	11,734
Grant and other	(14,179)	-
Irrigation	99,700	149,085
Ontario disabilities	104,217	82,617
OMB appeals	200,000	200,000
Parking revenue	1,030,613	873,572
Replacement of building department equipment	39,777	33,777
Replacement of fleet equipment	374,287	310,722
Replacement of protection services equipment	40,000	34,000
Road improvements	25,175	25,175
Sidewalk improvements	109,779	109,779
Storm water management	(59,179)	106,322
Street lighting	(168,506)	37,946
Training and development	11,857	11,857
Wastewater capital improvements	1,152,102	638,195
Wastewater rate stabilization	228,428	228,428
Water capital improvements	3,177,868	2,382,053
Water rate stabilization	194,486	194,486
Winter maintenance	85,192	85,192
Working funds	100,000	100,000
Total reserves	11,473,763	8,706,943
Reserve funds set aside by Council for specific purposes:		
Bequest/Garden	6,387	6,240
Library development and computer	67,743	76,580
Library donations	129,707	8,145
Recreation enhancement	56,611	56,611
	260,448	147,576
Total reserves and reserve funds	\$ 11,734,211	\$ 8,854,519

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

Notes to Consolidated Financial Statements

Year ended December 31, 2016

8. Commitments:

(a) Capital expenditures

The estimated future capital expenditures based on projects in progress at December 31, 2016 is approximately \$2,766,647 (2015 - \$2,038,734) after deducting the expenditures incurred as at December 31, 2016. 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 dependent upon future councils approving this levy on an annual basis. A balance of \$2,469,895 is owing on this commitment at December 31, 2016 (2015 - \$2,757,846)

9. 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.

10. Contributions to Joint Board:

The following contributions were made by the Town to:

	2016	2015
Niagara District Airport Commission	\$ 49,858	\$ 38,089

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

11. 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:

(i) 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.

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

Notes to Consolidated Financial Statements

Year ended December 31, 2016

11. Segmented reporting (continued):

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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 interment rights within each cemetery.

(vi) Recreation

Reported in the 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.

(vii) Planning and Development

Reported in this functional area are Planning and 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

Year ended December 31, 2016

11. Segmented reporting (continued):

2016									
	General Government	Protection	Transportation	Environment	Health	Recreation	Planning and Development	Total	
Revenues:									
Taxation	\$ 4,088,764	\$ 2,016,425	\$ 2,368,998	\$ -	\$ 83,139	\$ 2,392,504	\$ 388,891	\$ 11,338,721	
User fees and charges	240,428	638,590	1,272,367	9,494,264	162,765	312,560	625,132	12,746,106	
Government grants	641,019	43,520	790,936	-	-	49,805	34,135	1,559,415	
Other	4,841,255	-	-	-	-	-	-	4,841,255	
Contributed assets	328,670	-	-	-	-	-	-	328,670	
Government business enterprise	1,010,879	-	-	-	-	-	-	1,010,879	
Total revenues	11,151,015	2,698,535	4,432,301	9,494,264	245,904	2,754,869	1,048,158	31,825,046	
Expenses:									
Salaries and wages	2,750,354	1,454,200	2,013,307	666,666	100,315	2,102,829	891,868	9,979,539	
Operating materials and supplies	625,937	395,246	902,147	735,337	111,877	1,335,556	183,380	4,289,480	
Contracted services	405,959	90,021	1,349,804	5,189,948	3,122	51,906	205,191	7,295,951	
Rents and financial expenses	256,682	-	8,448	16,827	-	4,500	-	286,457	
Interfunctional transfers	(2,216,187)	329,936	327,620	1,017,746	21,236	395,826	123,823	-	
Amortization	308,449	421,860	1,523,353	2,027,849	15,178	843,294	2,542	5,142,525	
Loss on sale of tangible capital assets	-	-	-	-	-	-	-	-	
External transfers	351,156	-	-	-	287,951	900	60,988	700,995	
Debt service	30,622	25,846	30,261	62,576	-	-	4,019	153,324	
Total expenses	2,512,972	2,717,109	6,154,940	9,716,949	539,679	4,734,811	1,471,811	27,848,271	
Annual surplus (deficit)	\$ 8,638,043	\$ (18,574)	\$ (1,722,639)	\$ (222,685)	\$ (293,775)	\$ (1,979,942)	\$ (423,653)	\$ 3,976,775	

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

Notes to Consolidated Financial Statements

Year ended December 31, 2016

11. 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

Year ended December 31, 2016

12. 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.

	Budget Amount
Revenue:	
Operating budget as approved	\$ 27,185,649
Add:	
Development charges	1,120,576
Contributed capital assets	328,670
Gain on sale of TCA	577,292
Building Code Act	572,164
Recreational Land (the Planning Act)	319,288
Less:	
Transfers from other funds	(1,871,694)
Principal and dividends from NOTLEI	(789,813)
Total revenue	27,442,132
Expenses:	
Operating budget as approved	27,185,649
Add:	
Amortization	5,142,525
Employee future benefits	58,049
Transfers from capital	400,273
Less:	
Transfer to reserves, including capital	(5,693,877)
Debt principal payments	(557,255)
Total expenses	26,535,364
Annual surplus	\$ 906,768

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

Notes to Consolidated Financial Statements

Year ended December 31, 2016

13. Tangible capital assets:

(a) Work in progress:

Work in progress having a value of \$2,311,956 (2015 - \$3,242,214) 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 \$328,670 (2015 - \$439,599). In 2016, parcels of land were transferred to the Town which service various developments. The lands contributed provide servicing for storm sewer systems, walkways and trails, and parkland

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair market value could not be made for a tangible capital asset, the asset was recognized at a nominal value. Nominal values totaling \$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

Year ended December 31, 2016

13. Tangible capital assets (continued):

2016 General	Opening NBV	Opening Cost	Additions	Disposals	Closing Balance	Opening Accumulated Amortization	Amortization	Deletions	Closing Accumulated Amortization	Total
Land	\$ 5,396,569	\$ 5,396,569	\$ 359,767	\$ 59,465	\$5,696,871	\$ -	\$ -	\$ -	\$ -	\$ 5,696,871
Land improvements	2,653,229	4,229,127	414,063	5,100	4,638,090	1,575,898	182,711	-	1,758,609	2,879,481
Buildings and fixtures	17,490,707	26,368,997	74,334	1,626,957	24,816,374	8,878,291	670,621	81,348	9,467,564	15,348,810
Machinery and equipment	3,163,789	5,104,245	167,843	53,949	5,218,139	1,940,456	310,053	44,209	2,206,300	3,011,839
Vehicles	3,501,446	7,087,696	915,197	188,062	7,814,831	3,586,250	489,765	180,553	3,895,462	3,919,369
Information technology	636,652	1,776,285	161,479	177,048	1,760,716	1,139,633	217,854	172,834	1,184,653	576,063
Exterior lighting	1,535,898	2,623,743	104,606	90,432	2,637,917	1,087,845	141,359	90,432	1,138,772	1,499,145
Subtotal: General assets	34,378,290	52,586,662	2,197,289	2,201,013	52,582,938	18,208,373	2,012,363	569,376	19,651,360	32,931,578
Infrastructure										
Linear assets	132,156,666	178,248,164	5,715,846	111,710	183,852,300	46,091,497	2,972,869	71,072	48,993,294	134,859,006
Streetlighting	1,621,508	2,333,582	99,623	-	2,433,205	712,074	68,433	-	780,507	1,652,698
Other	2,617,934	3,863,892	140,413	-	4,004,305	1,245,958	88,861	-	1,334,819	2,669,486
Subtotal: Infrastructure assets	136,396,108	184,445,638	5,955,882	111,710	190,289,810	48,049,529	3,130,163	71,072	51,108,620	139,181,190
Work in progress										
Opening balance	3,242,214	3,242,214	7,222,913	-	10,465,127	-	-	-	-	-
Internally transferred	-	-	(8,153,171)	-	(8,153,171)	-	-	-	-	-
Subtotal: Work in progress	3,242,214	3,242,214	(930,258)	-	2,311,956	-	-	-	-	2,311,956
Grand total as at December 31, 2016	\$ 174,016,612	\$ 240,274,514	\$7,222,913	\$2,312,723	\$245,184,704	\$ 66,257,902	\$ 5,142,526	\$ 640,448	\$ 70,759,980	\$174,424,724

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

Notes to Consolidated Financial Statements

Year ended December 31, 2016

13. Tangible capital assets (continued):

2015 General	Opening NBV	Opening Cost	Additions	Disposals	Closing Balance	Opening Accumulated Amortization	Amortization	Deletions	Closing Accumulated Amortization	Total
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	237,749	46,091,498	132,156,666
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	411,078	48,049,530	136,396,108
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 December 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	\$ 174,016,612

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

Notes to Consolidated Financial Statements

Year ended December 31, 2016

14. 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	2016	2015
Operating transfers:			
Federal	\$ 4,000	\$ 28,283	\$ 5,230
Provincial	757,876	743,786	1,046,774
Upper-Tier/Other Municipalities	100,000	188,485	320,197
	<u>861,876</u>	<u>960,554</u>	<u>1,372,201</u>
Capital transfers:			
Federal	445,913	445,913	445,913
Provincial	195,245	152,948	195,245
	<u>641,158</u>	<u>598,861</u>	<u>641,158</u>
Total transfers	<u>\$ 1,503,034</u>	<u>\$ 1,559,415</u>	<u>\$ 2,013,359</u>

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
SCHEDULE OF LIBRARY FUND ACTIVITIES

Year ended December 31, 2016

	Budget	2016	2015
Revenues:			
Development charges	\$ -	\$ 113,173	\$ 151,266
Municipal grant	552,061	585,854	552,061
Donations	3,000	138,870	4,570
Provincial grants	35,476	38,026	40,976
Miscellaneous	27,800	19,524	38,914
Other grants	4,000	8,873	5,230
	<u>622,337</u>	<u>904,320</u>	<u>793,017</u>
Expenditures:			
Amortization	-	94,639	108,932
Insurance	6,000	6,117	6,267
Licensing and computer support	12,600	8,328	11,733
Memberships	1,800	1,684	1,527
General library expenses	23,100	21,508	31,296
Office supplies	36,200	47,524	48,964
Professional development	5,500	4,839	4,433
Professional fees	1,000	1,755	-
Program expenditures	7,500	8,019	9,397
Public relations	3,000	5,282	2,886
Rent	60,000	60,000	60,000
Telephone	1,800	2,383	2,198
Wage and benefits	448,085	478,957	441,735
Workshops	3,000	1,917	3,022
	<u>609,585</u>	<u>742,952</u>	<u>732,390</u>
Annual surplus	12,752	161,368	60,627
Add: Amortization of tangible capital assets	-	94,639	108,932
Less: Acquisition of tangible capital assets	-	(64,217)	(76,132)
Transfers to reserve fund	(12,752)	(18,293)	(18,293)
Adjusted annual surplus	\$ -	\$ 173,497	\$ 75,134



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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, 2016, 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 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, 2016, 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 Professional Accountants, Licensed Public Accountants

May 8, 2017
St. Catharines, Canada

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

Statement of Financial Position – Trust Funds

Year ended December 31, 2016, with comparative figures for 2015

	Cemetery Care & Maintenance	Cemetery Preneeds Internments	2016 Total	2015 Total
Assets				
Cash	\$ 861,267	\$ 146,286	\$1,007,553	\$ 996,389
Liabilities				
Due to Town of Niagara-on-the-Lake	(14,893)	(118)	(15,011)	8,107
	\$ 876,160	\$ 146,404	\$1,022,564	\$ 988,282
Fund Balances				
Fund balances	\$ 876,160	\$ 146,404	\$1,022,564	\$ 988,282
	\$ 876,160	\$ 146,404	\$1,022,564	\$ 988,282

See accompanying notes to financial statements.

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

Statement of Operations – Trust Funds

Year ended December 31, 2016, with comparative figures for 2015

	Cemetery Care & Maintenance	Cemetery Preneeds Internments	2016 Total	2015 Total
Balance, beginning of year	\$ 843,266	\$ 145,016	\$ 988,282	\$ 956,346
Receipts:				
Care & maintenance agreements	32,894	-	32,894	30,432
Interest earned	8,139	1,388	9,527	10,183
	41,033	1,388	42,421	40,615
Expenditures:				
Interest transferred to:				
Cemetery maintenance	8,139	-	8,139	8,679
	8,139	-	8,139	8,679
Excess of receipts over expenditures	32,894	1,388	34,282	31,936
Fund balance, end of year	\$ 876,160	\$ 146,404	\$ 1,022,564	\$ 988,282

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

Statement of Cash Flows – Trust Funds

December 31, 2016 with comparative information for 2015

	2016	2015
Operations:		
Excess of receipts over expenditures	\$ 34,282	\$ 31,936
Sources (Uses):		
Change in interest receivable	-	804
Change in due to Town of Niagara-on-the-Lake	(23,118)	3,265
	(23,118)	4,069
Increase in cash	11,164	36,005
Cash, beginning of year	996,389	960,384
Cash, end of year	\$ 1,007,553	\$ 996,389

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

Notes to Trust Funds Financial Statements

Year ended December 31, 2016

1. Significant accounting policies:

The financial statements of the Town's trust funds are prepared by management prepared in accordance with Canadian public sector accounting standards ("PSAS") 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 and services and the creation of a legal obligation to pay.