

*crawford  
smith &  
swallow*

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

**Consolidated Financial Statements**

**December 31, 2010**



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

### **Consolidated Financial Statements**

**December 31, 2010**

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Niagara-on-the-Lake, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, 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 the auditors' 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, the auditors 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 financial position of The Corporation of the Town of Niagara-on-the-Lake as at December 31, 2010, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Crawford, Smith and Swallow". The signature is written in a cursive, flowing style.

Niagara-on-the-Lake, Ontario  
August 15, 2011

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP  
LICENSED PUBLIC ACCOUNTANTS

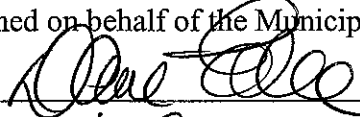
# THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE

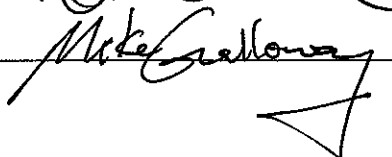
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2010

	2010	2009
	\$	\$
<b>Financial Assets</b>		
Cash	8,552,212	7,688,655
Taxes receivable - note 3		
Current year	1,703,625	1,754,071
Prior years	1,830,520	2,171,259
User charges receivable	854,849	750,187
Accounts receivable	807,869	693,229
Long-term receivables	73,471	78,814
Note receivable - note 4	5,746,838	6,296,714
Long-term investment - note 4	13,037,259	12,180,376
	<hr/>	<hr/>
	32,606,643	31,613,305
<b>Contingent Liabilities - note 10</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	4,686,150	3,407,286
Deferred revenue - obligatory reserve funds - note 5	1,103,836	1,617,849
Other current liabilities	1,743,548	1,712,028
Post-employment benefits - note 6	751,753	689,026
Net long-term liabilities - note 7	5,447,713	4,307,798
	<hr/>	<hr/>
	13,733,000	11,733,987
<b>Net Financial Assets</b>	<hr/>	<hr/>
	18,873,643	19,879,318
<b>Non-Financial Assets</b>		
Tangible capital assets	158,303,529	151,778,510
Inventories and prepaid expenses	216,800	198,467
	<hr/>	<hr/>
	158,520,329	151,976,977
<b>Accumulated Surplus - note 8</b>	<hr/>	<hr/>
	177,393,972	171,856,295

Signed on behalf of the Municipality:

 Mayor

 Chief Administrative Officer

See accompanying notes

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

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

for the year ended December 31, 2010

	2010	2009
	\$	\$
<b>Revenues</b>		
Taxation - note 3	8,609,473	7,972,240
User fees and charges	9,989,553	8,773,789
Government of Canada grants	1,528,304	553,442
Province of Ontario grants	2,336,848	1,858,023
Other municipality funding	116,942	379,958
Development levies earned	1,584,499	2,319,422
Interest and penalties	736,610	677,166
Investment income	527,015	781,174
Donations	278,255	395,049
Prepaid special charges	114,231	427,843
Gain on disposition of tangible capital assets	18,764	44,229
Other	486,545	830,970
Niagara-on-the-Lake Energy Inc. net income - note 4	856,883	1,875,006
	<u>27,183,922</u>	<u>26,888,311</u>
<b>Expenses</b>		
General government	2,547,933	2,376,111
Protection to persons and property	2,326,281	1,951,575
Transportation services	3,745,526	4,354,680
Environmental services	7,281,699	7,441,722
Health services	356,123	272,986
Social and family services	88,971	30,501
Recreation and cultural services	3,794,608	3,656,792
Planning and development	1,505,104	1,855,174
	<u>21,646,245</u>	<u>21,939,541</u>
<b>Excess of Revenues Over Expenses</b>	<u>5,537,677</u>	<u>4,948,770</u>
<b>Accumulated Surplus, Beginning of Year</b>	<u>171,856,295</u>	<u>166,907,525</u>
<b>Accumulated Surplus, End of Year</b>	<u>177,393,972</u>	<u>171,856,295</u>

See accompanying notes

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2010

	2010 \$	2009 \$
<b>Operations</b>		
Excess of revenues over expenses	5,537,677	4,948,770
<b>Sources (Uses)</b>		
Change in taxes receivable	391,185	(286,129)
Change in user charges receivable	(104,662)	(176,854)
Change in accounts receivable	(114,640)	22,004
Change in long-term receivables	5,343	(64,584)
Change in inventories and prepaid expenses	(18,333)	(31,308)
Change in accounts payable and accrued liabilities	1,278,864	(703,820)
Change in deferred revenue - obligatory reserve funds	(514,013)	(1,854,640)
Change in other current liabilities	31,520	(119,546)
Change in post-employment benefits	62,727	(25,877)
	1,017,991	(3,240,754)
<b>Non-cash charges to operations</b>		
Amortization of tangible capital assets	3,950,395	3,808,787
Gain on disposal of tangible capital assets	(18,764)	(44,229)
Contributed tangible capital assets		(350,381)
	3,931,631	3,414,177
<b>Net increase in cash from operations</b>	<b>10,487,299</b>	<b>5,122,193</b>
<b>Capital</b>		
Proceeds on disposal of tangible capital assets	25,223	50,262
Cash used to acquire tangible capital assets	(10,481,873)	(6,359,873)
<b>Net decrease in cash from capital activities</b>	<b>(10,456,650)</b>	<b>(6,309,611)</b>
<b>Investing</b>		
Niagara-on-the-Lake Energy Inc. net income	(856,883)	(1,875,006)
Decrease in note receivable	549,876	226,871
<b>Net decrease in cash from investing</b>	<b>(307,007)</b>	<b>(1,648,135)</b>
<b>Financing</b>		
New debt issued	1,891,000	
Debt principal repayments	(751,085)	(733,086)
<b>Net increase (decrease) in cash from financing</b>	<b>1,139,915</b>	<b>(733,086)</b>
<b>Increase (Decrease) in Cash Position</b>	<b>863,557</b>	<b>(3,568,639)</b>
<b>Cash Position, Beginning of Year</b>	<b>7,688,655</b>	<b>11,257,294</b>
<b>Cash Position, End of Year</b>	<b>8,552,212</b>	<b>7,688,655</b>

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, 2010

	2010	2009
	\$	\$
<b>Excess of Revenues over Expenses</b>	5,537,677	4,948,770
<b>Acquisition of Tangible Capital Assets</b>	(10,481,873)	(6,710,254)
<b>Amortization of Tangible Capital Assets</b>	3,950,395	3,808,787
<b>Proceeds on Disposal of Tangible Capital Assets</b>	25,223	50,262
<b>Gain on Disposal of Tangible Capital Assets</b>	(18,764)	(44,229)
<b>Change in Inventories and Prepaid Expenses</b>	(18,333)	(31,308)
<b>Increase (Decrease) in Net Financial Assets</b>	(1,005,675)	2,022,028
<b>Net Financial Assets, Beginning of Year</b>	19,879,318	17,857,290
<b>Net Financial Assets, End of Year</b>	18,873,643	19,879,318

See accompanying notes



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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2010

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### 1. Significant Accounting Policies

The consolidated financial statements of the The Corporation of the Town of Niagara-on-the-Lake (the "Municipality") are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants with the exception of providing budget figures (note 12).

#### (a) Basis of consolidation

- (i) 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 Municipality, and inter-organizational transactions and balances are not eliminated. The Municipality recognizes its equity interest in the annual income or loss of NOTLEI in its "Consolidated Statement of Operations and Accumulated Surplus" with a corresponding increase or decrease in its investment asset account. Any dividends that the Municipality may receive from NOTLEI will be reflected as reductions in the investment account.

- (ii) Partial-consolidated entities

The following joint local board is proportionately consolidated. See note 11.

Niagara District Airport Commission (Joint Board)

- (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 Region of Niagara are not reflected in the municipal fund balances of these consolidated financial statements.

- (iv) Trust funds

Trust funds and their related operations administered by the Municipality amounting to \$ 1,428,776 (\$ 1,463,119 - 2009) are not consolidated, but are reported separately on the "Trust Funds Statement of Financial Position and Statement of Financial Activities and Changes in Fund Balances".

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2010

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**1. Significant Accounting Policies - continued**

(b) Basis of accounting

- (i) Revenues and expenses are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting recognizes revenues as they become available 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.

(iii) 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.

(iv) 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 they are capitalized. Gains and/or losses on the disposal of an asset are recorded on the "Consolidated Statement of Operations and Accumulated Surplus" as "gain/loss on disposal of assets".

Tangible 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 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 have not been assigned to these assets nor disclosed in 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, 2010

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**1. Significant Accounting Policies - continued**

(b) Basis of accounting - continued

(iv) Tangible capital assets - continued

<u>Asset Class</u>	<u>Period</u>
General Assets	
Land	- NIL
Yard improvements	- 15-20 years
Buildings and fixtures	- 10-60 years
Machinery and equipment	- 5-20 years
Vehicles	- 5-20 years
Information technology	- 4-10 years
Exterior lighting	- 20-40 years
Office furniture and equipment	- 10 years
Other	- 7-50 years
Infrastructure	
Roads	- 15-60 years
Water	- 10-80 years
Sewer	- 60-80 years
Streetlighting	- 30-60 years
Signage	- 7-20 years
Bridges and culverts	- 7-50 years
Bike paths and trailways	- 50 years
Guide rails	- 35 years
Sidewalks	- 60 years

(v) Inventories

Inventories are valued at average cost.

(vi) Deferred revenue

Funds received for specific purposes are accounted for as deferred revenue until the Municipality discharges the obligation which led to the receipt of the funds.

(vii) Government transfers

Government 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.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2010

### 1. Significant Accounting Policies - continued

#### (b) Basis of accounting - continued

##### (viii) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect 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 expenditures during the year. Actual results could differ from those estimates.

### 2. Operations of School Boards and the Region of Niagara

Further to note 1(a)(iii), the taxation, other revenues, expenditures and overlevies of the school boards and the Region of Niagara are comprised of the following:

	School Boards		Region	
	2010	2009	2010	2009
	\$	\$	\$	\$
Taxation and user charges	11,396,480	10,962,606	30,976,337	20,369,657
Grants	20,292	20,417	409,205	411,741
	11,416,772	10,983,023	31,385,542	20,781,398
Requisitions	11,416,772	10,983,023	31,385,542	20,781,398
Overlevies (Underlevies) for the year				
Overlevies (Underlevies) at the end of year				

### 3. Tax Receivables and Revenues

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"). The property tax receivables and tax revenue of the Municipality are subject to measurement uncertainty as a significant number of appeals submitted by ratepayers have yet to be heard. The Municipality has established an allowance for doubtful accounts in the amount of \$ 65,000 (\$ 65,000 - 2009).

The Province of Ontario instituted a mandatory capping program through the provisions 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%.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2010

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

	2010	2009
	\$	\$
Statement of Financial Position		
Current assets	5,170,554	4,348,470
Other non-current assets	841,228	1,065,674
Capital assets	20,849,461	21,027,090
Other assets	2,001,361	591,518
<b>Total assets</b>	<b>28,862,604</b>	<b>27,032,752</b>
Current liabilities	9,251,961	7,324,730
Other liabilities	826,546	1,230,932
Long-term note payable	5,746,838	6,296,714
<b>Total liabilities</b>	<b>15,825,345</b>	<b>14,852,376</b>
<b>Net Assets</b>	<b>13,037,259</b>	<b>12,180,376</b>
Statement of Financial Activities		
Revenues	20,032,285	18,091,522
Operating expenses	19,175,402	17,255,875
<b>Net Income</b>	<b>856,883</b>	<b>835,647</b>

In 2009, retained earnings for the company reflected an increase of \$ 1,039,359 related to a change in accounting policy related to future payments in lieu of corporate income taxes on a retroactive basis without restatement.

The Municipality has provided an assignment and postponement of claim on behalf of Niagara-on-the-Lake Energy Inc. for demand instalment loans in the amount of \$ 4,342,258 (\$ 3,949,959 - 2009) used to finance the construction of a new transformer station.

During the year, the municipality received \$ 549,876 (\$ 226,871 - 2009) as a partial repayment of the note receivable outstanding.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended December 31, 2010

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**5. Deferred Revenue - Obligatory Reserve Funds**

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

	2010	2009
	\$	\$
Building fund	42,358	106,730
Development charges	719,367	1,263,808
Federal gas tax	(721)	
Recreational land	342,832	247,311
	<hr/>	<hr/>
	<b>1,103,836</b>	<b>1,617,849</b>

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2010

### 6. Post-Employment Benefits

	2010	2009
	\$	\$
Accrued vacation pay	197,026	160,031
Accumulated sick leave	43,670	44,968
Post-employment benefits	511,057	484,027
	<b>751,753</b>	<b>689,026</b>

#### Accrued Vacation Pay and Accumulated Sick Leave

As at December 31, 2010, employees of the Municipality have accumulated vacation pay credits in the amount of \$ 197,026 (\$ 160,031 - 2009). Any unused credits may be carried forward to the next year.

Under the Municipality's sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Municipality's employment at a rate of 50% of entitlement.

The liability for sick leave benefits as reflected in these consolidated financial statements has been determined on an actuarial basis using a discount rate of 4.75% and an inflation rate of 2%.

#### Post-Employment Benefits

The Municipality pays certain medical and dental benefits for early retirees and life insurance benefits on behalf of its retired employees. The Municipality recognizes these post-retirement costs in the period in which the employees rendered the services.

The liability for post-employment benefits as reflected in these consolidated financial statements has been determined on an actuarial basis using a discount rate of 4.75% (5%-2009) and an inflation rate of 2%.

As a result of an actuarial valuation on post-employment benefits conducted in 2011 for the year ending December 31, 2010, it was determined that an actuarial loss of \$ 141,883 existed. This amount is being amortized over the expected average remaining service life of 14 years for the employee group. The unamortized amount is \$ 127,588. The actual obligation is \$ 638,645.

#### Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 106 members 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 2010 was \$ 360,300 (\$ 326,246 - 2009) for current service and is included as an expenditure in the "Consolidated Statement of Operations and Accumulated Surplus".

The Municipality has no past service obligation.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2010

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### 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:

	2010	2009
	\$	\$
The Municipality has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities. At the end of the year the outstanding principal amount of this liability is	5,576,259	4,457,497
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage and shoreline property assistance loans have been assumed by individuals. At the end of the year the outstanding principal amount of the liability is	(128,546)	(149,699)
<b>Net long-term liabilities, end of year</b>	<b>5,447,713</b>	<b>4,307,798</b>

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

	\$
2011	737,678
2012	763,466
2013	790,243
2014	499,363
2015	515,694
Thereafter	2,141,269

- (c) 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.
- (d) Interest expense on long-term debt amounted to \$ 212,949 (\$ 195,145 - 2009).



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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended December 31, 2010

**8. Accumulated Surplus**

	2010	2009
	\$	\$
Invested in tangible capital assets	157,749,202	152,906,737
Operating fund	838,635	86,679
Reserves and reserve funds	6,221,504	5,382,613
Niagara-on-the-Lake Energy Inc. net equity	18,784,097	18,477,090
	<b>183,593,438</b>	<b>176,853,119</b>
Amounts to be recovered		
Post- employment benefits	(751,753)	(689,026)
Net long-term liabilities	(5,447,713)	(4,307,798)
	<b>(6,199,466)</b>	<b>(4,996,824)</b>
	<b>177,393,972</b>	<b>171,856,295</b>

(a) Operating fund balance

	2010	2009
	\$	\$
To be applied in the following year to operations of the:		
Operating fund	807,292	55,088
Airport Commission	31,343	31,591
	<b>838,635</b>	<b>86,679</b>

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2010

### 8. Accumulated Surplus - continued

#### (b) Reserves and reserve fund balances

	2010	2009
	\$	\$
Reserves set aside by council for specific purposes:		
Working funds	400,000	385,981
Contingencies	347,294	197,168
Waterfront acquisition	33,607	14,692
Replacement of road equipment	218,031	185,904
Replacement of building department equipment	21,198	16,078
Replacement of recreation equipment	106,686	103,791
Replacement of protection services equipment	10,000	10,000
Upgrade to public works building	49,992	48,942
Road improvements	50,784	103,109
Consolidated sewer area	1,306,198	880,033
Replacement of fire equipment	6,842	3,580
Replacements of watermains	843,259	115,154
Election expenses		45,000
Computer equipment	36,861	40,611
Cemetery roadway		25,000
Parks and recreation	48,131	48,131
Streetlighting	77,871	57,091
Fire building and training tower		(29,462)
Sidewalk improvements	58,058	50,491
Industrial development	11,192	11,192
Planning services	62,189	161,189
Dock area improvement	121,183	6,183
Winter maintenance	15,192	15,192
Farm irrigation study	86,489	75,747
Hydro interest reserve	283,533	333,533
Community Centre	796,936	1,374,985
Shoreline acquisition	118,509	68,620
Provision for debt reduction	6,873	6,873
Rate stabilization	525,694	792,040
Training and development	11,856	11,856
Capital variance	201,963	110,747
Capital levy	39,446	
Ontario disabilities	75,467	37,767
<b>Total Reserves</b>	<b>5,971,334</b>	<b>5,307,218</b>

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2010

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**8. Accumulated Surplus - continued**

(b) Reserves and reserve fund balances - continued

	2010	2009
	\$	\$
Reserve Funds set aside by council for specific purposes:		
Parking purposes	102,699	5,088
Library development and computer	147,471	70,307
<b>Total Reserve Funds</b>	<b>250,170</b>	<b>75,395</b>
	<b>6,221,504</b>	<b>5,382,613</b>

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(c) Niagara-on-the-Lake Energy Inc. net equity

	2010	2009
	\$	\$
Niagara-on-the-Lake Energy Inc. net equity - note 4	<b>18,784,097</b>	<b>18,477,090</b>

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2010

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### 9. Contractual Obligations and Commitments

#### Capital expenditures

The estimated future capital expenditures based on projects in progress at December 31, 2010 is approximately \$ 3,219,213 (\$ 5,049,619 - 2009) after deducting the expenditures incurred as at December 31, 2010. These projects will be financed by grants, subsidies and long-term liabilities in future years.

#### Niagara Health System St. Catharines Hospital

The Municipality is currently committed to funding \$ 3,500,000 of the local share amounting to \$ 60,000,000 to construct a new Niagara Health System ("NHS") hospital complex to be located in St. Catharines. The Municipality has approved a plan which results in an additional "tax" levy of \$ 100,000 in 2009, \$ 200,000 in 2010, \$ 300,000 in 2011, \$ 287,951 per annum for the years 2012 to 2021 and \$ 103,014 per annum for the years 2022 to 2031. As at December 31, 2010, \$ 300,000 has been collected and included in the "Working Funds Reserve" balance of \$ 400,000. The first instalment, in the amount of \$ 600,000, will be paid to the NHS at the end of 2011 and is to be used for equipment purchases only. All payments thereafter will be paid according to the payment plan approved by Council and will be used to fund both equipment and building construction costs.

### 10. Contingent Liabilities

From time to time, the Municipality 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. These claims may be covered by the Municipality's insurance up to a maximum of \$ 15,000,000 per occurrence. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

### 11. Contributions to Joint Board

Further to note 1 (a)(ii) the following contributions were made by the Municipality to:

	2010	2009
	\$	\$
Niagara District Airport Commission	16,120	16,120

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2010

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### 12. Budget Figures

The approved operating budget for 2010 is reflected on the "Consolidated Statement of Operations and Accumulated Surplus". These numbers have not been audited but are presented for information purposes only. The budgets established for capital funds, reserves and reserve funds are on a project-oriented basis, the costs of which may be carried out over one or more years. As such, they are not directly comparable with current year actual amounts and have not been reflected. Budget figures have been reclassified to comply with PSAB reporting requirements.

### 13. Reserves and Reserve Fund

As at December 31, 2010, the Municipality has one obligatory reserve which has been reflected as overdrawn. This reserve, federal gas tax, was subject to budget transfers made to fund several now fully funded capital projects. In light of this balance, a plan is in place, which has been approved by Council, to fund the deficit either by rate charges or approved capital budget.

### 14. Segmented Reporting

The Municipality 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 Municipality. 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 Municipality. This area is also responsible for winter control.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2010

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### 14. Segmented Reporting - continued

#### 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.

#### Health

Reported in this 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 and Culture

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

The Planning department creates the policy framework and implementation tools required to shape the future of the Municipality. The Development department is responsible for ensuring that the Municipality'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. See note 12 for a discussion on the budgeted figures provided.

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**SCHEDULE OF SEGMENTED REPORTING**

for the year ended December 31, 2010

	General Government		General Government		Protection		Protection		Transportation		Transportation		Environment		Environment	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	Budget	Actual	Budget	Actual	Actual	Actual	Budget	Budget	Actual	Actual	Budget	Budget	Actual	Actual	Budget	Actual
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>																
Taxation	8,015,270	8,609,473	7,972,240	-	-	-	1,117,100	935,670	-	-	6,971,773	6,670,126	-	-	-	-
User fees and charges	218,440	295,832	112,499	651,620	521,696	735,291	22,500	735,614	950,738	648,795	-	5,322	5,789,961	306,163	-	-
Government grants	1,653,100	1,200,790	1,548,000	-	101,582	-	25,200	888,638	1,262,368	73,800	-	702,425	635,901	-	-	-
Other	1,142,825	1,430,092	1,378,677	15,200	143,262	170,356	-	-	-	-	-	-	-	-	-	-
Government business enterprise	-	856,883	1,875,006	-	-	-	-	-	-	-	-	-	-	-	-	-
	11,029,635	12,393,070	12,886,422	666,820	766,540	905,647	1,164,800	2,559,922	2,861,901	7,045,573	7,377,873	6,732,025	-	-	-	-
<b>Expenditures</b>																
Salaries and wages	1,752,980	1,706,384	1,387,055	1,226,415	1,236,254	1,047,881	1,553,700	1,152,666	1,484,139	794,450	718,859	621,206	-	-	-	-
Operating materials and supplies	683,765	629,382	618,607	481,495	345,193	413,148	854,250	917,849	1,503,041	2,101,900	197,366	1,100,211	-	-	-	-
Contracted services	166,660	289,165	363,895	36,700	129,072	105,630	719,250	815,944	566,852	2,316,500	4,224,128	3,566,849	-	-	-	-
Rents and financial expenses	20,000	17,560	13,045	74,000	2,800	-	323,800	5,299	-	133,100	-	-	-	-	-	-
Interfunctional transfers	-	(193,275)	(70,000)	-	174,000	-	-	(169,625)	(165,000)	-	176,000	235,000	-	-	-	-
External transfers	-	-	-	11,000	11,000	11,000	9,000	-	250,000	-	-	-	-	-	-	-
Amortization	-	98,717	94,010	-	347,329	286,197	-	1,023,393	965,648	-	1,900,788	1,881,109	-	-	-	-
Debt service	-	-	-	-	80,633	87,719	-	-	-	350,895	64,558	37,347	-	-	-	-
	2,623,405	2,547,933	2,406,612	1,829,610	2,326,281	1,951,575	3,460,000	3,745,526	4,354,680	5,946,845	7,281,699	7,441,722	-	-	-	-
	8,406,230	9,845,137	10,479,810	(1,162,790)	(1,559,741)	(1,045,928)	(2,295,200)	(1,185,604)	(1,492,779)	1,098,728	96,174	(709,697)	-	-	-	-

See accompanying notes

*crawford smith & swallow*

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**SCHEDULE OF SEGMENTED REPORTING**  
for the year ended December 31, 2010

	Health 2010		Health 2009		Recreation/ Culture 2010		Recreation/ Culture 2009		Planning/ Development 2010		Planning/ Development 2009		Total 2010		Total 2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Revenues</b>																
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
User fees and charges	253,600	278,503	216,522	731,944	906,990	856,126	906,990	731,944	230,300	431,600	236,834	236,834	8,015,270	8,609,473	7,972,240	
Government grants	-	-	-	1,903,142	-	1,903,142	207,356	207,356	2,000	35,644	81,109	81,109	10,349,823	9,989,553	8,773,789	
Other	900	9,779	10,172	1,199,117	26,500	393,120	1,199,117	1,199,117	13,050	178,603	819,262	819,262	1,677,600	3,982,094	2,791,423	
Government business enterprise	-	-	-	-	-	-	-	-	-	-	-	-	-	3,745,919	5,475,853	
	254,500	288,282	226,694	2,138,417	933,490	3,152,388	2,138,417	2,138,417	245,350	645,847	1,137,205	1,137,205	21,340,168	27,183,922	26,888,311	
<b>Expenditures</b>																
Salaries and wages	149,660	171,504	145,408	1,816,015	1,356,120	1,756,763	1,816,015	1,816,015	763,270	704,724	634,152	634,152	7,596,595	7,447,154	7,135,856	
Operating materials and supplies	96,075	137,500	116,583	1,003,465	871,350	1,137,431	1,003,465	1,003,465	80,735	113,325	765,024	765,024	5,169,570	3,478,046	5,520,079	
Contracted services	5,030	67,712	1,491	53,675	25,625	32,331	53,675	53,675	61,850	674,494	70,843	70,843	3,331,615	6,232,846	4,729,235	
Rents and financial expenses	40,500	-	-	-	180,190	-	-	-	-	-	-	-	-	771,590	25,659	13,045
Interfunctional transfers	-	58,874	-	-	-	12,900	-	-	-	-	-	-	-	-	58,874	-
External transfers	-	-	-	144,370	635,365	229,322	144,370	144,370	-	-	382,024	382,024	905,365	240,322	537,394	
Amortization	-	9,504	9,504	569,188	-	567,533	569,188	569,188	-	3,131	3,131	3,131	-	3,950,395	3,808,787	
Debt service	-	-	-	70,079	-	58,328	70,079	70,079	-	9,430	-	-	350,895	212,949	195,145	
	291,265	445,094	272,986	3,656,792	3,068,650	3,794,608	3,656,792	3,656,792	905,855	1,505,104	1,855,174	1,855,174	18,125,630	21,646,245	21,939,541	
	(36,765)	(156,812)	(46,292)	(1,518,375)	(2,135,160)	(642,220)	(1,518,375)	(1,518,375)	(660,505)	(859,257)	(717,969)	(717,969)	3,214,538	5,537,677	4,948,770	

See accompanying notes

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

**SCHEDULES OF TANGIBLE CAPITAL ASSETS**

for the year ended December 31, 2010

	Balance, Beginning of Year			Cost			Accumulated Amortization			Balance, End of Year	Net Book Value
	\$	\$	\$	\$	\$	\$	\$	\$	\$		
<b>General</b>											
Land	2,520,429		1,526	2,521,955							2,521,955
Yard improvements	2,420,072		375,695	2,720,603							1,694,131
Buildings and fixtures	16,753,726		85,427	16,831,931	75,164		104,804	75,164	1,026,472		10,776,652
Machinery and equipment	2,775,935		52,699	2,828,633	1		181,646	1	1,587,412		1,241,221
Vehicles	5,621,044		506,235	6,041,585	85,694		404,663	85,478	2,683,464		3,358,121
Information technology	517,935		138,317	653,412	2,840		74,697	2,434	430,267		223,145
Exterior lighting	391,193		19,274	410,467			12,436		215,230		195,237
Office furniture and equipment	181,516		24,655	206,171			7,465		183,021		23,150
Other	1,892,663		404,290	2,155,207	141,746		125,150	141,746	533,838		1,621,369
	33,074,513		1,608,118	34,369,964	312,667		1,374,012	311,529	12,714,983		21,654,981
<b>Infrastructure</b>											
Roads	20,999,919		1,104,406	22,087,432	16,893		547,809	15,929	8,247,216		13,840,216
Water	53,189,699		354,524	53,392,923	151,300		710,702	146,943	8,703,971		44,688,952
Sewer	80,457,372		228,540	80,685,912			1,152,742		15,844,721		64,841,191
Streetlighting	1,322,111			1,322,111			33,687		428,299		893,812
Signage	633,007		75,675	524,291	184,391		36,170	184,391	335,757		188,534
Bridges and culverts	977,157		504,266	1,481,423			27,040		593,612		887,811
Bike path and trailways	666,948		262,296	929,244			15,962		70,951		858,293
Guide rails	787,722		20,641	808,363			22,209		353,515		454,848
Sidewalks	1,835,435		71,902	1,907,337			30,062		394,395		1,512,942
	160,869,370		2,622,250	163,139,036	352,584		2,576,383	347,263	34,972,437		128,166,599
<b>Work in Progress</b>	2,230,444		6,251,505	8,481,949							8,481,949
<b>December 31, 2010</b>	<b>196,174,327</b>		<b>10,481,873</b>	<b>205,990,949</b>	<b>665,251</b>		<b>3,950,395</b>	<b>658,792</b>	<b>47,687,420</b>		<b>158,303,529</b>

See accompanying notes

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**SCHEDULES OF TANGIBLE CAPITAL ASSETS**

for the year ended December 31, 2009

	Cost				Accumulated Amortization		Net Book Value	
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, Beginning of Year	Amortization		Disposals
	\$	\$	\$	\$	\$	\$	\$	\$
<b>General</b>								
Land	2,520,429			2,520,429				2,520,429
Yard improvements	2,205,021	237,432	22,381	2,420,072	922,629	96,584	22,381	996,832
Buildings and fixtures	14,459,542	2,317,082	22,898	16,753,726	5,193,322	428,410	22,898	5,598,834
Machinery and equipment	2,636,682	152,728	13,475	2,775,935	1,236,851	180,135	11,219	1,405,767
Vehicles	5,499,794	696,680	575,430	5,621,044	2,562,486	374,148	572,355	2,364,279
Information technology	477,839	56,414	16,318	517,935	301,471	72,851	16,318	358,004
Exterior lighting	384,844	20,167	13,818	391,193	201,360	15,252	13,818	202,794
Office furniture and equipment	181,516			181,516	163,637	11,919		175,556
Other	1,373,908	518,755		1,892,663	446,343	104,091		550,434
	29,739,575	3,999,258	664,320	33,074,513	11,028,099	1,283,390	658,989	11,652,500
<b>Infrastructure</b>								
Roads	20,708,327	291,592		20,999,919	7,184,731	530,605		7,715,336
Water	51,156,345	2,034,669	1,315	53,189,699	7,440,662	700,163	613	8,140,212
Sewer	79,974,833	482,539		80,457,372	13,545,351	1,146,628		14,691,979
Streetlighting	1,308,626	13,485		1,322,111	359,337	35,275		394,612
Signage	621,357	11,650		633,007	448,230	35,748		483,978
Bridges and culverts	942,491	63,932		977,157	580,089	15,749	29,266	566,572
Bike path and trailways	666,948		29,266	666,948	41,650	13,339		54,989
Guide rails	730,056	57,666		787,722	310,255	21,051		331,306
Sidewalks	1,520,541	314,894		1,835,435	337,494	26,839		364,333
	157,629,524	3,270,427	30,581	160,869,370	30,247,799	2,525,397	29,879	32,743,317
<b>Work in Progress</b>	2,789,875	(559,431)		2,230,444				2,230,444
<b>December 31, 2009</b>	<b>190,158,974</b>	<b>6,710,254</b>	<b>694,901</b>	<b>196,174,327</b>	<b>41,275,898</b>	<b>3,808,787</b>	<b>688,868</b>	<b>44,395,817</b>
								<b>151,778,510</b>

See accompanying notes

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

## SCHEDULE OF LIBRARY FUND ACTIVITIES

for the year ended December 31, 2010

	2010	2009
	\$	\$
<b>Revenues</b>		
Development charges	20,000	30,000
Miscellaneous	45,449	44,501
Municipal grant	467,523	419,140
Provincial grants	25,276	45,562
Other grants	5,829	5,080
	<hr/>	<hr/>
	564,077	544,283
<b>Expenditures</b>		
Amortization	131,652	140,163
Insurance	4,808	4,808
Maintenance	19,127	31,690
Memberships	400	614
Office supplies	28,407	14,225
Professional development	10	1,285
Professional fees	1,502	801
Program expenditures	3,450	3,507
Public relations	3,903	1,814
Rent	60,000	60,000
Telephone	2,327	2,222
Wages and benefits	331,028	322,103
Workshops	2,749	1,940
	<hr/>	<hr/>
	589,363	585,172
<b>Net Expenditures</b>	(25,286)	(40,889)
<b>Add: Amortization of Tangible Capital Assets</b>	131,652	140,163
<b>Less: Acquisition of Tangible Capital Assets</b>	(76,873)	(53,605)
<b>Transfers to Reserve Fund</b>	(29,493)	(45,669)
<b>Library Fund, End of Year</b>	<hr/>	<hr/>

See accompanying notes

Crawford, Smith and Swallow  
Chartered Accountants LLP

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Niagara-on-the-Lake, Ontario  
Port Colborne, Ontario

## **INDEPENDENT AUDITORS' REPORT - TRUST FUNDS**

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

We have audited accompanying financial statements of the trust funds of The Corporation of the Town of Niagara-on-the-Lake, which comprise the statement of financial position as at December 31, 2010 and the statement of financial activities and changes in fund balances for the year then ended and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the Town of Niagara-on-the-Lake as at December 31, 2010 and the continuity of trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.



Niagara-on-the-Lake, Ontario  
August 15, 2011

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP  
LICENSED PUBLIC ACCOUNTANTS

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**STATEMENT OF FINANCIAL POSITION - TRUST FUNDS**

December 31, 2010

	Total \$	Subdividers' Deposits \$	Cemetery Perpetual Care \$	Greening Reserve \$	OSUM 2011 Conference \$	NDSS \$
<b>Assets</b>						
Cash	713,959	24,786	686,064	3,109		
Interest receivable	28	25		3		
Due from (to) operating fund	698,953	720,427	639	(10,223)		(11,890)
Long-term receivables	11,219		11,219			
Prepays	18,066			18,066		
	<b>1,442,225</b>	<b>745,238</b>	<b>697,922</b>	<b>3,112</b>	<b>7,843</b>	<b>(11,890)</b>
<b>Fund Balances</b>						
Deferred revenue	13,449				13,449	
Fund balances	1,428,776	745,238	697,922	3,112	(5,606)	(11,890)
	<b>1,442,225</b>	<b>745,238</b>	<b>697,922</b>	<b>3,112</b>	<b>7,843</b>	<b>(11,890)</b>

See accompanying notes

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN FUND BALANCES - TRUST FUNDS**  
for the year ended December 31, 2010

	Total \$	Subdividers' Deposits \$	Cemetery Perpetual Care \$	Greening Reserve \$	OSUM 2011 Conference \$	NDSS \$
<b>Balance, Beginning of Year</b>	1,463,119	820,125	648,288	3,107		(8,401)
<b>Receipts</b>						
Donations	12,814					12,814
Perpetual care agreements	49,634		49,634			
Deposits	302,896	302,896				
Interest earned - other	6,953	174	6,754	25		
	372,297	303,070	56,388	25		12,814
<b>Expenditures</b>						
Deposits refunded	130,506	130,486		20		
Services installed	247,471	247,471				
Lord Mayor fundraiser	5,000					5,000
Training, membership and advertising	8,809				5,606	3,203
Sport equipment	8,100					8,100
Interest transferred to cemetery maintenance	6,754		6,754			
	406,640	377,957	6,754	20	5,606	16,303
<b>Balance, End of Year</b>	<b>1,428,776</b>	<b>745,238</b>	<b>697,922</b>	<b>3,112</b>	<b>(5,606)</b>	<b>(11,890)</b>

See accompanying notes

*crawford smith & swallow*

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

## NOTES TO FINANCIAL STATEMENTS - TRUST FUNDS

for the year ended December 31, 2010

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### 1. Significant Accounting Policies

The financial statements of the Municipality's trust funds are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

#### (a) Basis of accounting

- (i) Revenue 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.