

Consolidated Financial Statements of

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

For the year ended December 31, 2012



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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, 2012, the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town of Niagara-on-the-Lake as at December 31, 2012, and the consolidated results of its operations and its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

April 29, 2013
St. Catharines, Canada

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at December 31, 2012

	Actual 2012 \$	Actual 2011 \$
Financial Assets		
Cash	14,971,778	9,866,236
Taxes receivable (note 2)		
Current year	1,608,154	1,568,451
Prior years	1,260,483	1,747,896
Accounts receivable	2,093,977	2,975,151
Debt recoverable from others (note 7)	88,733	112,641
Note receivable (note 3)	4,498,030	5,146,521
Long-term investment (note 3)	13,744,244	13,294,853
	38,265,399	34,711,749
Liabilities		
Accounts payable and accrued liabilities	6,326,043	4,846,543
Lease liability (note 4)	37,020	-
Deferred revenue (note 5)	4,642,579	3,006,554
Post-employment benefits (note 6)	1,032,908	1,008,460
Net long-term liabilities (note 7)	4,629,671	4,852,362
	16,668,221	13,713,919
Net Financial Assets	21,597,178	20,997,830
Non-Financial Assets		
Tangible capital assets (note 14)	162,847,300	161,879,554
Inventories and prepaid expenses	190,760	226,232
	163,038,060	162,105,786
Accumulated Surplus (note 8)	184,635,238	183,103,616

See accompanying notes.

Signed on behalf of the Municipality:

Lord Mayor

Chief Administrator Officer

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
CONSOLIDATED STATEMENT OF OPERATIONS
for the year ended December 31, 2012

	Budget 2012 \$ (unaudited)	Actual 2012 \$	Actual 2011 \$
Revenues			
Taxation (note 2)	8,515,762	8,850,269	8,631,875
User fees and charges	9,910,734	10,714,680	9,763,797
Government of Canada grants	457,600	118,677	2,917,893
Province of Ontario grants	1,135,520	1,178,311	1,481,133
Other municipality funding	118,744	103,324	724,578
Development levies earned	-	866,902	846,355
Interest and penalties	443,000	433,294	519,260
Investment income	464,031	505,607	535,637
Donations	43,000	362,976	1,043,590
Gain on disposition of tangible capital assets	-	235,804	44,280
Other	1,676,354	1,595,261	1,180,571
Equity in income of Niagara-on-the-Lake Energy Inc. (note 3)	600,315	449,391	1,037,817
	23,365,060	25,414,496	28,726,786
Expenses			
General government	4,342,271	1,609,654	1,898,809
Protection services	2,065,912	2,595,747	2,601,538
Transportation services	3,394,019	4,901,506	4,266,949
Environmental services	7,076,958	8,721,270	7,913,357
Health services	330,713	282,347	296,315
Recreation	3,332,100	4,140,550	4,338,234
Planning and development	1,188,408	1,631,800	1,332,099
	21,730,381	23,882,874	22,647,301
Excess of revenues over expenses	1,634,679	1,531,622	6,079,485
Accumulated surplus, beginning of year	183,103,616	183,103,616	177,024,131
Accumulated surplus, end of year	184,738,295	184,635,238	183,103,616

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, 2012

	Budget 2012 \$ (unaudited)	Actual 2012 \$	Actual 2011 \$
Excess of revenues over expenses	1,634,679	1,531,622	6,079,485
Acquisition of tangible capital assets	-	(5,585,965)	(7,845,499)
Amortization of tangible capital assets	4,409,454	4,409,454	4,247,356
Proceeds on disposal of tangible capital assets	-	444,569	66,398
Gain on disposal of tangible capital assets	-	(235,804)	(44,280)
Change in inventories and prepaid expenses	-	35,472	(9,432)
Increase in net financial assets	6,044,133	599,348	2,494,028
Net financial assets, beginning of year	20,997,830	20,997,830	18,503,802
Net financial assets, end of year	27,041,963	21,597,178	20,997,830

See accompanying notes.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended December 31, 2012

	Actual 2012 \$	Actual 2011 \$
Operations		
Excess of revenues over expenses	1,531,622	6,079,485
Items not involving cash:		
Amortization of tangible capital assets	4,409,454	4,247,356
Contributed assets	(91,824)	(737,740)
Gain on disposal of tangible capital assets	(235,804)	(44,280)
	5,613,448	9,544,821
Changes in non-cash assets and liabilities:		
Taxes receivable	447,710	217,798
Accounts receivable	881,174	(1,197,888)
Inventories and prepaid expenses	35,472	(9,432)
Accounts payable and accrued liabilities	1,479,500	(1,053,116)
Long-term receivables	-	73,471
Lease purchase agreements	37,020	-
Deferred revenue	1,636,025	1,902,718
Post-employment benefits	24,448	22,505
Net increase in cash from operations	10,154,797	9,500,877
Capital		
Proceeds on disposal of tangible capital assets	444,569	66,398
Acquisition of tangible capital assets	(5,494,141)	(7,107,759)
Net decrease in cash from capital activities	(5,049,572)	(7,041,361)
Investing		
Niagara-on-the-Lake Energy Inc. net income	(449,391)	(1,037,817)
Decrease in note receivable	648,491	600,317
Net increase (decrease) in cash from investing	199,100	(437,500)
Financing		
New debt issued	537,700	-
Debt principal repayments	(736,483)	(707,992)
Net decrease in cash from financing	(198,783)	(707,992)
Increase in cash	5,105,542	1,314,024
Cash, beginning of year	9,866,236	8,552,212
Cash, end of year	14,971,778	9,866,236

See accompanying notes.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2012

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 generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. 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. NOTLEI is wholly owned by the Town, and as such the Town recognizes the annual income or loss of NOTLEI in the 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) Proportionately consolidated entity:

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

(iii) Accounting for Region and School Board transactions:

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

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2012

1. Significant Accounting Policies (continued):

(a) Basis of consolidation (continued):

(iv) Trust funds:

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

(b) Basis of accounting:

(i) Revenues and expenses:

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

(ii) Non-financial assets:

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

(iii) Tangible capital assets:

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenditures in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location.

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

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

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2012

1. Significant Accounting Policies (continued):

(b) Basis of accounting (continued):

(iii) Tangible capital assets (continued):

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

<u>Asset Class</u>	<u>Useful Life (years)</u>
General Assets:	
Land improvements	10 to 60
Buildings and fixtures	5 to 50
Machinery and equipment	5 to 40
Information technology	2 to 10
Vehicles	6 to 20
Other	7 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 recorded at average cost.

(v) Deferred revenue:

Deferred revenues represent development charges, grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2012

1. Significant Accounting Policies (continued):

(b) Basis of accounting (continued):

(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.

(vii) Pensions:

The Town provides a pension plan for its employees through the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan that provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. OMERS is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. The OMERS plan has been accounted for as a defined contribution plan since it is a multi-employer plan.

(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 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.

Accounts receivable is stated after evaluation of amounts expected to be collected and an appropriate allowance for doubtful accounts. Amounts recorded for amortization of tangible capital assets are based on estimates of useful service life. The liability for post-employment benefits is based upon estimated inflation, interest, salary increases on life expectancy.

2. Tax Receivables and Revenues:

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

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2012

2. Tax Receivables and Revenues (continued):

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

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

	2012	2011
	\$	\$
Statement of Financial Position		
Current Assets	4,462,060	4,260,800
Other non-current assets	72,979	530,467
Capital assets	22,610,401	20,973,558
Other assets	1,915,909	3,552,639
Total assets	29,061,349	29,317,464
Current liabilities	7,836,912	8,755,613
Loan payable	1,216,667	1,316,667
Other liabilities	1,765,496	803,810
Long term note payable	4,498,030	5,146,521
Total liabilities	15,317,105	16,022,611
Net Assets	13,744,244	13,294,853
Statement of Financial Activities		
Revenues	21,424,305	20,460,616
Operating expenses	20,974,914	19,422,799
Net Income	449,391	1,037,817

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 \$4,122,741 (2011 - \$4,053,380) used to finance the construction of a new transformer station.

During the year the Town received \$648,491 (2011 - \$600,317) as a partial repayment of the note receivable outstanding.

The note receivable bears interest at 7.25%. The note is unsecured and there are no fixed terms of repayment.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2012

4. Lease Liability:

The Town has a capital lease for software. The software in the amount of \$65,500 has been capitalized and included in tangible capital assets. The asset is amortized over four years using the straight-line-method. Amortization for the year in the amount of \$16,400 is included in expense in the statement of operations. Accumulated amortization is \$16,400.

The lease is non-interest bearing, requiring annual payments of \$16,381 plus tax. The lease term expires on August 14, 2015.

5. Deferred Revenue:

A requirement of PSAB 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, how these funds may be refunded.

In the case of development charges, revenue recognition occurs after the funds have been collected and when the Town has approved and incurred the expenditures 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:

	2012	2011
	\$	\$
Building fund	546,941	182,484
Development charges	2,896,858	2,073,832
Canada Gas Tax	361,179	-
Recreational land	741,449	539,898
Other deferred	96,152	210,340
	4,642,579	3,006,554

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

	2012	2011
	\$	\$
Contribution from Development Charges Act	1,461,966	1,222,717
Contribution from Canada Gas Tax	447,456	448,177
Contribution from Building Code Act	364,457	140,126
Contribution from Recreational land (Planning Act)	405,730	235,000
Other Contributions (Conditional Grants)	-	478,761
Investment income	25,449	13,952
Development charges earned	(657,070)	(846,355)
Canada Gas Tax earned	(87,944)	(448,177)
Recreational land (Planning Act) earned	(209,832)	-
Other deferred	(114,187)	210,340
	1,636,025	1,454,541

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2012

6. Post-Employment Benefits:

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 Board Act ("WSIB"), life insurance, extended health, and dental benefits to early retirees.

	2012 \$	2011 \$
Retiree benefits	489,025	483,085
Accrued vacation pay	256,758	238,066
Accumulated sick leave	43,716	43,900
WSIB	243,409	243,409
	1,032,908	1,008,460

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

	2012 \$	2011 \$
Accrued benefit obligation:		
Balance, beginning of year	1,153,082	1,113,543
Current benefit cost	46,008	75,813
Interest	30,896	31,390
Miscellaneous	-	(863)
Benefits paid	(69,664)	(66,801)
Balance, end of year:	1,160,322	1,153,082
Unamortized actuarial loss	(127,414)	(144,622)
Liability for benefits	1,032,908	1,008,460

Amortization of the actuarial loss of \$17,208 (2011 - \$ 17,208) has been included in expenses on the consolidated statement of operations.

Accrued Vacation Pay

As at December 31, 2012, employees of the Town have accumulated vacation pay credits in the amount of \$256,758 (2011 - \$238,066). Any unused credits may be carried forward to the next year.

Accumulated Sick Leave

Under the Town's sick leave benefit plan, employees can choose to either carry forward up to 5 unused days to the next year, have all unused credits paid out at the end of the year, or any combination of the two choices. Credits are paid out at 50%. The accrued benefit obligation and the expense for the year ended December 31, 2012 were determined by an actuary. The last actuarial valuation was performed at December 31, 2010.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2012

6. Post-Employment Benefits (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, 2012 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, 2010.

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 4.75%.

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 6.0% per year reducing by 0.2223% per year over 8 years to 4.0% in 2020 and 4.0% per year thereafter.

Salary escalations

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

Pension Agreements

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

The amount contributed to OMERS for 2012 was \$500,926 (2011 - \$457,514) for current service and is included as an expenditure in the consolidated statement of operations. Employee contributions to OMERS in 2012 was \$500,926 (2011 - \$457,514).

Contributions for employees with a normal retirement age of 65 were being made at a rate of 8.3% for earnings up to the yearly maximum pensionable earnings of \$50,100 and at a rate of 12.8% for earnings greater than the yearly maximum pensionable earnings.

The OMERS pension plan has a deficit at December 31, 2012 of \$9.9 million based on an actuarial valuation of plan assets.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2012

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:

	2012 \$	2011 \$
The Town has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities.	4,629,671	4,852,362
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage loans have been assumed by individuals.	(88,733)	(112,641)
Net long-term liabilities, end of year	4,540,938	4,739,721

- (b) The long-term liabilities in (a) issued in the name of the municipality have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) Of the net long-term liabilities reported in (a) of this note, principal payments due are as follows:

	\$
2013	816,943
2014	530,284
2015	548,617
2016	483,255
2017	500,209
Thereafter	1,661,630
	4,540,938

- (d) Interest charges on long-term debt in the amount of \$182,593 (2011 - \$209,576) 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 5.35% payable semi-annually.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2012

8. Accumulated Surplus:

	2012 \$	2011 \$
Invested in tangible capital assets	158,269,342	157,139,833
Operating fund	4,358,844	5,457,747
Reserves and reserve funds	9,338,624	7,812,841
Niagara-on-the-Lake Energy Inc. net equity	18,242,274	18,441,376
	190,209,084	188,851,797
Amounts to be recovered		
Post-employment benefits	(1,032,908)	(1,008,460)
Net long-term liabilities	(4,540,938)	(4,739,721)
	(5,573,846)	(5,748,181)
	184,635,238	183,103,616

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2012

8. Accumulated Surplus (continued):

(b) Reserves and reserve fund balances

	2012 \$	2011 \$
Reserves set aside by council for specific purposes:		
Working funds	100,000	100,000
Contingencies	388,753	387,144
Land acquisition	18,324	18,324
Replacement of road equipment	286,954	168,374
Replacement of building department equipment	12,826	26,318
Replacement of recreation equipment	254,835	185,195
Replacement of protection services equipment	16,000	10,000
Upgrade to public works building	51,042	51,042
Road improvements	44,399	90,916
Wastewater capital improvements	1,992,466	1,646,266
Replacement of fire equipment	24,341	24,341
Water capital improvements	1,807,690	888,766
Parking revenue	942,120	539,411
Election expenses	30,600	15,300
Computer equipment	42,971	41,089
Building stabilization	-	48,131
Street lighting	150,839	116,466
Sidewalk improvements	93,872	77,276
Economic development	11,192	11,192
Planning services	135,889	64,689
Dock area improvement	357,947	252,183
Winter maintenance	85,192	85,192
Irrigation	85,687	121,051
Future facilities	208,378	308,342
Community Centre	279,359	413,991
Storm water management	367,656	352,452
Provision for debt reduction	6,873	6,873
Rate stabilization	255,694	255,694
Training and development	11,856	11,856
Capital variance	60,684	33,859
Capital levy	625,526	909,965
Ontario disabilities	77,853	62,427
Grants and other	14,379	21,356
Water rate stabilization	180,743	167,000
Wastewater rate stabilization	205,864	183,300
Total Reserves	9,228,804	7,695,781

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2012

8. Accumulated Surplus (continued):

(b) Reserves and reserve fund balances - (continued)

	2012 \$	2011 \$
Reserve Funds set aside by council for specific purposes:		
Bequest	85,945	81,790
Library development and computer	23,875	35,270
Total Reserve Funds	109,820	117,060
	9,338,624	7,812,841

9. Commitments:

(a) Capital expenditures

The estimated future capital expenditures based on projects in progress at December 31, 2012 is approximately \$2,372,437 (2011 - \$1,898,180) after deducting the expenditures incurred as at December 31, 2012. 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 amounting to \$60,000,000 to construct a new Niagara Health System ("NHS") hospital complex located in St. Catharines. The Town has approved a plan which results in additional levies of \$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. All payments are made 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 Town is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts, including punitive or extraordinary damages. In respect of any outstanding claims, the Town believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the accompanying financial statements.

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2012

11. Contributions to Joint Board:

The following contributions were made by the Town to:

	2012 \$	2011 \$
Niagara District Airport Commission	17,076	16,120

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

12. Segmented Reporting:

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

General Government

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

Protection

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

Transportation

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

Environment

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

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2012

12. Segmented Reporting (continued):

Health

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

Recreation

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

Community and Development Services

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

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2012

12. Segmented Reporting (continued):	2012	2011
	Actual	Actual
	\$	\$
General Government		
Revenues		
Taxation	8,850,269	8,631,875
User fees and charges	200,593	215,651
Government grants	970,800	1,603,216
Other	3,999,844	2,130,210
Government business enterprise	-	1,037,817
	<u>14,021,506</u>	<u>13,618,769</u>
Expenses		
Salaries and wages	2,584,299	1,843,688
Operating materials and supplies	577,138	528,269
Contracted services	287,823	249,314
Rents and financial expenses	72,463	87,141
Interfunctional transfers	(2,656,868)	(1,711,610)
Amortization	163,162	107,397
External transfers	581,636	794,610
	<u>1,609,653</u>	<u>1,898,809</u>
Net Revenue	<u>12,411,853</u>	<u>11,719,960</u>
Protection		
Revenues		
Taxation	-	-
User fees and charges	664,915	712,467
Government grants	74,572	120,783
Other	-	53,826
	<u>739,487</u>	<u>887,076</u>
Expenses		
Salaries and wages	1,291,788	1,320,120
Operating materials and supplies	376,748	395,248
Contracted services	66,402	69,610
Interfunctional transfers	418,620	365,054
Amortization	377,736	378,618
Debt service	64,453	72,888
	<u>2,595,747</u>	<u>2,601,538</u>
Net Revenue	<u>(1,856,260)</u>	<u>(1,714,462)</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2012

12. Segmented Reporting (continued):	2012	2011
	Actual	Actual
	\$	\$
Transportation		
Revenues		
Taxation	-	-
User fees and charges	1,100,570	1,011,337
Government grants	222,146	510,190
Other	-	928,437
	<u>1,322,716</u>	<u>2,449,964</u>
Expenses		
Salaries and wages	1,804,823	1,619,603
Operating materials and supplies	844,676	808,122
Contracted services	932,441	522,382
Rents and financial expenses	1,267	30,800
Interfunctional transfers	192,672	146,202
Amortization	1,125,627	1,139,840
	<u>4,901,506</u>	<u>4,266,949</u>
Net Revenue	<u>(3,578,790)</u>	<u>(1,816,985)</u>
Environment		
Revenues		
Taxation	-	-
User fees and charges	7,693,933	6,876,690
Government grants	-	41,074
	<u>7,693,933</u>	<u>6,917,764</u>
Expenses		
Salaries and wages	600,495	847,936
Operating materials and supplies	140,486	229,417
Contracted services	4,473,404	4,109,463
Rents and financial expenses	55,678	3,361
Interfunctional transfers	1,450,084	752,912
Amortization	1,914,366	1,878,989
Debt service	86,757	91,279
	<u>8,721,270</u>	<u>7,913,357</u>
Net Revenue	<u>(1,027,337)</u>	<u>(995,593)</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2012

12. Segmented Reporting (continued):	2012	2011
	Actual	Actual
	\$	\$
Health		
Revenues		
Taxation	-	-
User fees and charges	195,894	205,164
	<u>195,894</u>	<u>205,164</u>
Expenses		
Salaries and wages	126,175	139,983
Operating materials and supplies	78,735	123,460
Contracted services	1,476	1,614
Interfunctional transfers	65,892	21,472
Amortization	10,069	9,786
	<u>282,347</u>	<u>296,315</u>
Net Revenue	<u>(86,453)</u>	<u>(91,151)</u>
Recreation		
Revenues		
Taxation	-	-
User fees and charges	352,173	297,748
Government grants	88,948	2,825,287
Other	-	1,026,969
Government business enterprise		
	<u>441,121</u>	<u>4,150,004</u>
Expenses		
Salaries and wages	1,613,359	2,072,850
Operating materials and supplies	1,191,002	1,045,104
Contracted services	99,643	113,624
Rents and financial expenses	1,121	-
Interfunctional transfers	387,050	330,024
External transfers	750	750
Amortization	816,241	730,473
Debt service	31,384	45,409
	<u>4,140,550</u>	<u>4,338,234</u>
Net Revenue	<u>(3,699,429)</u>	<u>(188,230)</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2012

12. Segmented Reporting (continued):	2012	2011
	Actual	Actual
	\$	\$
Planning and Development		
Revenues		
Taxation	-	-
User fees and charges	506,602	444,740
Government grants	43,846	23,054
Other	-	30,251
	550,448	498,045
Expenses		
Salaries and wages	695,300	867,725
Operating materials and supplies	447,048	148,140
Contracted services	312,191	163,885
Interfunctional transfers	142,550	95,946
External transfers	25,490	46,108
Amortization	2,253	2,253
Debt service	6,968	8,042
	1,631,800	1,332,099
Net Revenue	(1,081,352)	(834,054)
Total		
Revenues		
Taxation	8,850,269	8,631,875
User fees and charges	10,714,680	9,763,797
Government grants	1,400,312	5,123,604
Other	3,999,844	4,169,693
Government business enterprise	449,391	1,037,817
	25,414,496	28,726,786
Expenses		
Salaries and wages	8,716,240	8,711,905
Operating materials and supplies	3,655,833	3,277,760
Contracted services	6,173,380	5,229,892
Rents and financial expenses	130,529	121,302
External transfers	607,876	841,468
Amortization	4,409,454	4,247,356
Debt service	189,562	217,618
	23,882,874	22,647,301
Net Revenue	1,531,622	6,079,485

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2012

13. Budget Data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2012 operating and capital budgets approved by Council. Amortization and post-employment liabilities were not contemplated on development of the budget and, as such, have not been included. 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. As such, it is not practical to present annualized budget information for the acquisition of tangible capital assets on the statement of change in net financial assets.

The chart below reconciles the approved budget figures reported in these consolidated statement of operations.

Revenues:		
	Operating Budget	22,830,826
	Capital Budget	5,090,968
		27,921,794
Less:		
	Transfer from other funds: Operating	(1,218,766)
	Transfer from other funds: Capital	(3,337,968)
		(4,556,734)
	Total Revenues	23,365,060
Expenses:		
	Operating Budget	22,830,826
	Capital Budget	5,090,968
		27,921,794
Less:		
	Transfer to other funds: Operating	(4,749,508)
	Capital Projects	(5,090,968)
	Debt Principal Payments	(760,391)
		(10,600,867)
Add:		
	Amortization	4,409,454
		4,409,454
	Total Expenses	21,730,381
	Annual Surplus/(Deficit)	1,634,679

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2012

14. Tangible Capital Assets:

(a) Work in Progress

Work in progress having a value of \$2,426,528 (2011 - 6,999,668) is not amortized. Amortization 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 \$91,824 (2011 - \$737,740), comprised of linear assets.

(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 recongized at a nominal value. Nominal values totalling \$139 have been assigned to Buildings, Land, Machinery and Equipment, Land Improvements, and Linear Asset categories.

(d) Works of Art and Historical Treasures

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2012

14. Tangible Capital Assets (continued):

General	Opening NBV	Opening Cost	Additions	Disposals	Closing Balance	Opening Accumulated Amortization	Amortization	Deletions	Closing Accumulated Amortization	Closing NBV
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	2,521,954	2,521,954	1,223,710	150,000	3,595,664	-		-	-	3,595,664
Land Improvements	2,242,069	3,413,436	91,506	89,961	3,414,981	1,171,367	151,422	85,972	1,236,818	2,178,163
Buildings and Fixtures	16,042,916	22,635,478	507,629	180,658	22,962,449	6,592,562	626,748	163,913	7,055,397	15,907,052
Machinery and Equipment	2,397,229	4,211,299	452,157	107,483	4,555,973	1,814,070	257,408	98,447	1,973,031	2,582,942
Vehicles	3,679,834	6,356,347	79,473	46,445	6,389,375	2,676,513	417,531	44,511	3,049,533	3,339,842
Information Technology	303,062	1,011,923	575,804	121,318	1,466,409	708,861	141,406	121,318	728,949	737,460
Exterior Lighting	1,723,852	2,621,121	17,966	130,904	2,508,183	897,269	150,894	130,904	917,259	1,590,924
Subtotal: General Assets	28,910,916	42,771,558	2,948,245	826,769	44,893,034	13,860,642	1,745,409	645,065	14,960,987	29,932,047
Infrastructure										
Linear Assets	123,434,617	159,173,738	6,586,616	77,023	165,683,331	35,739,121	2,543,842	49,962	38,233,001	127,450,330
Streetlighting	1,194,931	2,024,027	197,355	165,719	2,055,663	829,096	62,349	165,719	725,726	1,329,937
Other	1,339,422	2,340,353	426,891		2,767,244	1,000,931	57,855	-	1,058,786	1,708,458
Subtotal: Infrastructure Assets	125,968,970	163,538,118	7,210,862	242,742	170,506,238	37,569,148	2,664,046	215,681	40,017,513	130,488,725
Work in Progress										
Opening Balance	6,999,668	6,999,668	5,494,141		12,493,809					
Internally Transferred			(10,067,281)		(10,067,281)					
Subtotal: Work in Progress	6,999,668	6,999,668	(4,573,140)		2,426,528					2,426,528
Grand Total as at Dec. 31 2012	161,879,554	213,309,344	5,585,967	1,069,511	217,825,800	51,429,790	4,409,455	860,746	54,978,500	162,847,300

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2011

14. Tangible Capital Assets (continued):

General	Opening NBV	Opening Cost	Additions	Disposals	Closing Balance	Opening Accumulated Amortization	Amortization	Deletions	Closing Accumulated Amortization	Closing NBV
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	2,521,954	2,521,954	-	-	2,521,954	-	-	-	-	2,521,954
Land Improvements	1,694,131	2,720,604	692,832	-	3,413,436	1,026,473	144,894	-	1,171,367	2,242,069
Buildings and Fixtures	10,776,653	16,831,931	5,805,892	2,345	22,635,478	6,055,278	539,629	2,345	6,592,562	16,042,916
Machinery and Equipment	1,241,224	2,828,632	1,382,667	-	4,211,299	1,587,408	226,662	-	1,814,070	2,397,229
Vehicles	3,358,123	6,041,586	836,810	522,049	6,356,347	2,683,463	493,795	500,745	2,676,513	3,679,834
Information Technology	246,296	859,583	152,340	-	1,011,923	613,287	95,574	-	708,861	303,062
Exterior Lighting	1,816,608	2,565,674	58,161	2,714	2,621,121	749,067	150,102	1,900	897,269	1,723,852
Subtotal: General Assets	21,654,989	34,369,964	8,928,702	527,108	42,771,558	12,714,976	1,650,656	504,990	13,860,642	28,910,916
Infrastructure										
Linear Assets	125,741,583	159,002,848	170,890	-	159,173,738	33,261,265	2,477,856	-	35,739,121	123,434,617
Streetlighting	1,082,346	1,846,402	177,625	-	2,024,027	764,056	65,040	-	829,096	1,194,931
Other	1,342,659	2,289,786	50,567	-	2,340,353	947,127	53,804	-	1,000,931	1,339,422
Subtotal: Infrastructure Assets	128,166,588	163,139,036	399,082	-	163,538,118	34,972,448	2,596,700	-	37,569,148	125,968,970
Work in Progress										
Opening Balance	8,481,952	8,481,952	7,092,844	-	15,574,796					
Internally Transferred	-	-	(8,575,128)	-	(8,575,128)					
Subtotal: Work in Progress	8,481,952	8,481,952	(1,482,284)	-	6,999,668					6,999,668
Grand Total as at Dec. 31 2011	158,303,529	205,990,952	7,845,500	527,108	213,309,344	47,687,424	4,247,356	504,990	51,429,790	161,879,554

THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
SCHEDULE OF LIBRARY FUND ACTIVITIES
for the year ended December 31, 2012

	Budget \$	2012 \$	2011 \$
Revenues			
Development charges	-	68,720	61,237
Miscellaneous	38,000	42,489	39,115
Municipal grant	518,190	518,190	473,339
Provincial grants	31,920	31,564	33,920
Other grants	5,900	5,522	5,483
	594,010	666,485	613,094
Expenditures			
Amortization	-	127,618	130,623
Insurance	5,000	5,693	4,808
Licensing and computer support	16,000	21,883	20,357
Memberships	700	1,241	852
General Library expenses	14,700	16,484	7,030
Office supplies	24,144	26,289	26,858
Professional development	2,000	4,687	2,133
Professional fees	253	-	15,495
Program expenditures	3,500	6,302	4,146
Public relations	1,300	1,480	1,876
Purchases for resale	-	300	-
Rent	60,000	60,000	60,000
Telephone	2,700	1,940	3,151
Wages and benefits	413,713	432,703	387,057
Workshops	2,000	2,020	2,340
	546,010	708,640	666,726
Annual surplus (deficit)	48,000	(42,155)	(53,632)
Add: Amortization of tangible capital assets	-	127,618	130,623
Less: Acquisition of tangible capital assets	-	(96,907)	(88,410)
Transfers to reserve fund	(48,000)	(14,064)	(15,753)
Library Fund, end of year	-	(25,508)	(27,172)



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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, 2012, the statements of operations and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position of the trust funds of The Town of Niagara-on-the-Lake as at December 31, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

April 29, 2013
St. Catharines, Canada

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

STATEMENT OF FINANCIAL POSITION - TRUST FUNDS

For the year ended December 31, 2012

	Total \$	Cemetery Care & Maintenance \$	Cemetery Preneeds Internments \$	Election Candidate Surplus \$
Assets				
Cash	803,332	735,593	63,556	4,183
Due from operating fund	30,121	25,846	4,275	-
Interest Receivable	852	781	68	3
	<u>834,305</u>	<u>762,220</u>	<u>67,899</u>	<u>4,186</u>
Fund Balances				
Fund balances	834,305	762,220	67,899	4,186
	<u>834,305</u>	<u>762,220</u>	<u>67,899</u>	<u>4,186</u>

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

STATEMENT OF OPERATIONS - TRUST FUNDS

For the year ended December 31, 2012

	Total \$	Cemetery Care & Maintenance \$	Cemetery Preneeds Internments \$	Election Candidate Surplus \$
Balance, Beginning of Year	794,629	727,323	63,159	4,147
Revenue				
Care & Maintenance				
Agreements	34,897	34,897	-	-
Deposits	4,276	-	4,276	-
Interest earned - other	9,554	9,051	464	39
	48,727	43,948	4,740	39
Expenses				
Interest transferred to cemetery maintenance	9,051	9,051		
	9,051	9,051	-	-
Excess of revenue over expenses	39,676	34,897	4,740	39
Balance, End of Year	834,305	762,220	67,899	4,186

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

STATEMENT OF CASH FLOWS - TRUST FUNDS

For the year ended December 31, 2012

	2012	2011
	\$	\$
Operations		
Transfer from Town	-	58,892
Excess of revenue over expenses	39,676	34,703
	39,676	93,595
Sources (Uses)		
Change in interest receivable	(852)	3
Change in due from operating fund	(30,121)	639
Change in long-term receivables	-	11,219
	(30,973)	11,861
Increase in Cash	8,703	105,456
Cash, Beginning of Year	794,629	689,173
Cash, End of Year	803,332	794,629

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

NOTES TO THE FINANCIAL STATEMENTS - TRUST FUNDS

For the year ended December 31, 2012

1. Significant Accounting Policies

The financial statements of the Corporation of the Town of Niagara-on-the-Lake'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. 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.
- (ii)