

Consolidated Financial Statements of

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

For the year ended December 31, 2014



**KPMG LLP**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Town of Niagara-on-the-Lake, which comprise the consolidated statement of financial position as at December 31, 2014, 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, 2014, 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*

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Chartered Professional Accountants, Licensed Public Accountants

April 20, 2015  
St. Catharines, Canada

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at December 31, 2014

	Actual 2014 \$	Actual 2013 \$
<b>Financial Assets</b>		
Cash	22,823,779	20,868,166
Taxes receivable (note 2)		
Current year	1,469,675	1,728,467
Prior years	1,293,716	1,391,772
Accounts receivable	3,065,014	2,308,944
Debt recoverable from others (note 7)	40,235	53,787
Note receivable (note 3)	3,304,613	3,800,929
Long-term investment (note 3)	16,957,381	14,737,612
	<b>48,954,413</b>	<b>44,889,677</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	9,045,037	7,896,257
Lease liability (note 4)	-	18,510
Deferred revenue (note 5)	9,457,952	8,577,623
Post-employment benefits (note 6)	1,040,487	1,051,535
Net long-term liabilities (note 7)	3,233,945	3,777,782
	<b>22,777,421</b>	<b>21,321,707</b>
<b>Net Financial Assets</b>	<b>26,176,992</b>	<b>23,567,970</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 14)	168,286,717	165,296,055
Inventories and prepaid expenses	198,754	319,708
	<b>168,485,471</b>	<b>165,615,763</b>
<b>Accumulated Surplus</b> (note 8)	<b>194,662,463</b>	<b>189,183,733</b>

See accompanying notes.

Signed on behalf of the Municipality:

Lord Mayor

Chief Administrative Officer

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
for the year ended December 31, 2014

	Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
<b>Revenues</b>			
Taxation (note 2)	9,473,260	9,821,497	9,392,979
User fees and charges	9,780,679	11,063,963	10,887,069
Government of Canada grants	453,456	705,787	585,464
Province of Ontario grants	932,103	968,943	1,093,259
Other municipality funding	121,000	303,007	255,769
Deferred revenues earned	2,104,967	2,219,911	1,935,219
Interest and penalties	443,000	463,989	591,799
Investment income	364,030	469,434	536,132
Donations	43,000	301,010	196,570
Contributed assets	-	233,324	7,971
Gain on disposition of tangible capital assets	-	-	21,296
Other	2,006,471	1,480,220	1,557,114
Niagara-on-the-Lake Energy Inc. net income (note 3)	-	2,757,468	993,368
	25,721,966	30,788,553	28,054,009
<b>Expenses</b>			
General government	1,406,431	2,123,697	1,548,390
Protection services	2,684,306	2,730,652	2,722,289
Transportation services	5,377,395	5,201,128	5,362,607
Environmental services	8,683,129	8,917,286	8,872,261
Health services	631,284	620,431	646,656
Recreation	4,424,227	4,649,966	4,250,977
Planning and development	1,117,547	1,066,663	1,139,544
	24,324,319	25,309,823	24,542,724
Annual surplus	1,397,647	5,478,730	3,511,285
Accumulated surplus, beginning of year	189,183,733	189,183,733	185,672,448
Accumulated surplus, end of year	190,581,380	194,662,463	189,183,733

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, 2014

	Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Annual surplus	1,397,647	5,478,730	3,511,285
Acquisition of tangible capital assets	-	(7,596,665)	(6,449,237)
Writedown of tangible capital assets		-	417,362
Contributed tangible Capital Assets		(233,324)	(7,971)
Amortization of tangible capital assets	4,701,656	4,701,655	4,596,245
Proceeds on disposal of tangible capital assets	-	103,305	53,352
Loss/(Gain) on disposal of tangible capital assets	-	34,367	(21,296)
Change in inventories and prepaid expenses	-	120,954	(128,948)
Increase in net financial assets	6,099,303	2,609,022	1,970,792
Net financial assets, beginning of year	23,567,970	23,567,970	21,597,178
Net financial assets, end of year	29,667,273	26,176,992	23,567,970

See accompanying notes.

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the year ended December 31, 2014

	Actual 2014 \$	Actual 2013 \$
<b>Operations</b>		
Annual surplus	5,478,730	3,511,285
Items not involving cash:		
Amortization of tangible capital assets	4,701,655	4,596,245
Contributed assets	(233,324)	(7,971)
Writedown of tangible capital assets	-	417,362
Niagara-on-the-Lake Energy net income	(2,757,468)	(993,368)
(Gain)/Loss on disposal of tangible capital assets	34,367	(21,296)
	7,223,960	7,502,257
Changes in non-cash assets and liabilities:		
Taxes receivable	356,848	(251,602)
Accounts receivable	(756,070)	(214,967)
Inventories and prepaid expenses	120,954	(128,948)
Accounts payable and accrued liabilities	1,148,780	1,570,214
Lease liability	(18,510)	(18,510)
Deferred revenue	880,329	3,935,044
Post-employment benefits	(11,048)	18,627
Net increase in cash from operations	8,945,243	12,412,115
<b>Capital</b>		
Proceeds on disposal of tangible capital assets	103,305	53,352
Acquisition of tangible capital assets	(7,596,665)	(6,449,237)
Net decrease in cash from capital activities	(7,493,360)	(6,395,885)
<b>Investing</b>		
Dividends received	537,699	-
Decrease in note receivable	496,316	697,101
Net increase in cash from investing	1,034,015	697,101
<b>Financing</b>		
New debt issued	-	-
Debt principal repayments	(530,285)	(816,943)
Net decrease in cash from financing	(530,285)	(816,943)
<b>Increase in cash</b>	1,955,613	5,896,388
<b>Cash, beginning of year</b>	20,868,166	14,971,778
<b>Cash, end of year</b>	22,823,779	20,868,166

See accompanying notes.

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
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**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
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for the year ended December 31, 2014

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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, 2014

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**1. Significant Accounting Policies:**

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

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

(a) Basis of consolidation:

(i) Consolidated entities:

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

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

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

(ii) Partial-consolidated entities:

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

(iii) Accounting for Region and School Board transactions:

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

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2014

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**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.

(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 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, 2014

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**1. Significant Accounting Policies (continued):**

(b) Basis of accounting (continued):

(iv) Tangible capital assets (continued):

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

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

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

(v) Inventories:

Inventories are valued at average cost.

(vi) Deferred revenue:

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

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2014

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**1. Significant Accounting Policies (continued):**

(b) Basis of accounting (continued):

(vii) Government transfers:

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

(viii) Taxation revenue:

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

(ix) 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.

**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 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%.

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2014

<b>3. Investment in Niagara-on-the-Lake Energy Inc.:</b>	2014	2013
	\$	\$
Statement of Financial Position		
Current Assets	6,361,689	4,479,975
Other non-current assets	-	74,458
Capital assets	23,501,198	23,673,382
Other assets	1,627,275	2,074,604
<b>Total assets</b>	<b>31,490,162</b>	<b>30,302,419</b>
Current liabilities	7,951,601	7,593,808
Loan payable	1,016,667	1,116,667
Other liabilities	2,259,900	3,053,403
Long term note payable	3,304,613	3,800,929
<b>Total liabilities</b>	<b>14,532,781</b>	<b>15,564,807</b>
<b>Net Assets</b>	<b>16,957,381</b>	<b>14,737,612</b>
Statement of Operations		
Revenues	25,223,113	23,184,336
Operating expenses	22,465,645	22,190,968
<b>Net Income</b>	<b>2,757,468</b>	<b>993,368</b>

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 \$3,304,613 (2013 - \$3,800,928) used to finance the construction of a new transformer station.

During the year the Town received \$496,316 (2013 - \$697,101) as a partial repayment of the note receivable outstanding. The note receivable bears interest at 7.5%. The note is unsecured and there are no fixed terms of repayment.

**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 assets are amortized over four-six years using the straight-line-method. Amortization for the year in the amount of \$12,929 (2013 - \$12,929) is included in expense in the statement of operations. Accumulated amortization is \$46,515 (2013 - \$33,586).

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

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2014

**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 the expenditures and used the funds for the capital project for which the development charges were raised. These funds have been set aside, as required by the Development Charges Act, to support the cost of growth related capital projects associated with new development.

The deferred revenues are made up of the following:

	2013 \$	Externally Restricted Inflows	Revenue Earned	2014 \$
Building fund	1,499,002	246,374	-	1,745,376
Development charges	5,925,235	2,403,565	2,104,967	6,223,833
Canada Gas Tax	232,059	457,868	689,927	-
Recreational land	735,735	160,288	114,944	781,079
Cash-in-lieu of Parking	-	386,064	-	386,064
Other deferred	185,592	289,210	153,202	321,600
	<b>8,577,623</b>	<b>3,943,369</b>	<b>3,063,040</b>	<b>9,457,952</b>

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

	2014 \$	2013 \$
Contribution from Development Charges Act	2,403,565	4,928,906
Contribution from Canada Gas Tax	457,868	447,456
Contribution from Building Code Act	246,374	987,215
Contribution from Recreational land (Planning Act)	151,004	215,539
Contribution from Cash-in-lieu of Parking	386,064	-
Other contributions	289,210	185,592
Investment income	76,726	46,984
Building charges earned	-	(35,154)
Development charges earned	(2,104,967)	(1,935,219)
Canada Gas Tax earned	(689,927)	(579,969)
Recreational land (Planning Act) earned	(114,944)	(230,154)
Other contributions earned	(153,202)	(96,152)
	<b>947,771</b>	<b>3,935,044</b>

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2014

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**6. Employee benefits and other liabilities:**

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

	2014	2013
	\$	\$
Retiree benefits	502,088	495,353
Accrued vacation pay	215,722	235,925
Accumulated sick leave	46,290	45,218
Future payments required to WSIB	276,387	275,039
	<b>1,040,487</b>	<b>1,051,535</b>

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

	2014	2013
	\$	\$
Accrued benefit obligation:		
Balance, beginning of year	1,161,741	1,160,322
Current benefit cost	12,201	39,983
Interest	29,977	30,412
Actuarial (gain)	(122,865)	-
Benefits paid	(70,434)	(68,976)
Balance, end of year:	1,010,620	1,161,741
Unamortized actuarial gain (loss)	29,867	(110,206)
Liability for benefits	<b>1,040,487</b>	<b>1,051,535</b>

Amortization of the actuarial loss of \$17,208 (2013 - \$ 17,208) has been included in expenses on the Statement of Operations.

Accrued Vacation Pay

As at December 31, 2014, employees of the Town have accumulated vacation pay credits in the amount of \$212,722 (2013 - \$235,926). 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, 2014 were determined by an actuary. The last actuarial valuation was performed at December 31, 2014.

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2014

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**6. Employee benefits and other liabilities (continued):**

Retiree Benefits

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

Accrued WSIB

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

Actuarial Assumptions

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

Interest (discount rate)

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

Inflation

Inflation was assumed to be 2%.

Medical, dental and travel costs

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

Salary escalations

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

Pension Agreements

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

The amount contributed to OMERS for 2014 was \$601,526 (2013 - \$567,280) for current service and is included as an expenditure in the consolidated statement of operations. Employees' contribution to OMERS in 2014 was \$601,526 (2013 - \$567,280).

Contributions for employees with a normal retirement age of 65 were being made at a rate of 9% for earnings up to the yearly maximum pensionable earnings of \$52,500 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings.

The OMERS pension plan has a deficit at December 31, 2014 of \$7.1 billion (2013 - \$8.6 billion) based on an actuarial valuation of plan assets.

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2014

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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:

	2014 \$	2013 \$
The Town has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities.	3,233,945	3,777,782
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.	(40,235)	(53,787)
<b>Net long-term liabilities, end of year</b>	<b>3,193,710</b>	<b>3,723,995</b>

- (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:

	\$
2015	548,617
2016	483,255
2017	500,209
2018	517,494
2019	339,122
Thereafter	805,013
	<b>3,193,710</b>

- (d) Interest charges on long-term debt in the amount of \$130,785 (2013 - \$164,519) 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, 2014

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**8. Accumulated Surplus:**

	2014 \$	2013 \$
Invested in tangible capital assets	168,286,717	165,296,055
Operating fund	(38,924)	(168,654)
Reserves and reserve funds	10,386,873	10,311,832
Niagara-on-the-Lake Energy Inc. net equity	20,261,994	18,538,541
	<b>198,896,660</b>	<b>193,977,774</b>
Amounts to be recovered		
Post-employment benefits	(1,040,487)	(1,051,535)
Net long-term liabilities	(3,193,710)	(3,742,505)
	<b>(4,234,197)</b>	<b>(4,794,040)</b>
	<b>194,662,463</b>	<b>189,183,734</b>

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2014

**8. Accumulated Surplus (continued):**

Reserves and reserve fund balances

	2014 \$	2013 \$
Reserves set aside by council for specific purposes:		
Bridges & culverts	400,000	-
Building stabilization	-	(11,578)
Capital levy	1,552,824	1,436,601
Capital variance	234,727	163,520
Community centre	143,852	208,852
Computer equipment	35,971	35,971
Contingencies	469,976	427,408
Corporate studies	153,860	-
Dock area improvement	582,521	452,278
Economic development	11,191	11,191
Election expenses	(6,266)	45,900
Future facilities	-	(21,622)
Grants and other	12,500	21,179
Irrigation	119,021	96,147
Land acquisition	18,324	18,324
Ontario disabilities	117,853	97,853
Parking revenue	677,604	927,126
Planning services	-	150,727
Provision for debt reduction	6,875	6,873
Rate stabilization	5,694	205,694
Replacement of building department equipment	27,777	21,777
Replacement of fire equipment	24,341	24,341
Replacement of fleet equipment	415,913	-
Replacement of protection services equipment	28,000	22,000
Replacement of recreation equipment	-	192,702
Replacement of road equipment	-	152,980
Road improvements	-	(55,104)
Sidewalk improvements	109,779	93,872
Storm water management	254,927	351,580
Street lighting	61,722	154,291
Training and development	11,857	11,856
Upgrade to public works building	51,042	51,042
Wastewater capital improvements	1,594,332	1,899,138
Wastewater rate stabilization	228,428	228,428
Water capital improvements	2,548,202	2,393,983
Water rate stabilization	194,486	194,486
Winter maintenance	85,192	85,192
Working funds	100,000	130,000
<b>Total Reserves</b>	<b>10,272,525</b>	<b>10,225,008</b>

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2014

**8. Accumulated Surplus (continued):**

Reserves and reserve fund balances - continued

	2014 \$	2013 \$
Reserve Funds set aside by council for specific purposes:		
Bequest	16,202	71,017
Library development and computer	41,843	15,807
Recreation Enhancement	56,303	-
<b>Total Reserve Funds</b>	<b>114,348</b>	<b>86,824</b>
	<b>10,386,873</b>	<b>10,311,832</b>

**9. Commitments:**

(a) Capital expenditures

The estimated future capital expenditures based on projects in progress at December 31, 2014 is approximately \$3,685,744 (2013 - \$1,788,273) after deducting the expenditures incurred as at December 31, 2014. These projects will be financed by grants, subsidies and long-term liabilities in future years.

(b) Niagara Health System

The Town is currently committed to funding \$3,500,000 of the local share of the construction costs of the Niagara Health System ("NHS") hospital located in St. Catharines. The Town has approved a plan to fund this commitment through annual tax levies in the Years 2011 to 2031. The plan is dependant upon future councils approving this levy on an annual basis. A balance of \$3,045,797 is owing on this commitment at December 31, 2014 (2013 - \$3,333,748).

**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.

During the year, the Town received \$378,000 in funding from the Government of Canada for a Six Nations and Native Allies Commemorative Memorial at Queenston Heights. These funds are being held on behalf of the Working Group of the Niagara-on-the-Lake War of 1812 Bicentennial Committee. Amount spent during 2014 was \$12,766.

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2014

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**11. Contributions to Joint Board:**

The following contributions were made by the Town to:

	2014 \$	2013 \$
Niagara District Airport Commission	34,981	17,401

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, 2014

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**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 interment 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, 2014

12. Segmented Reporting (continued):

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended December 31, 2013

**12. Segmented Reporting (continued):**

Revenues	General							Total
	Government	Protection	Transportation	Environment	Health	Recreation	Planning and Development	
	\$	\$	\$	\$	\$	\$	\$	\$
Taxation	3,409,877	1,243,944	2,190,740	-	23,221	2,040,632	484,565	9,392,979
User fees and charges	150,625	799,947	1,052,069	7,864,537	196,536	341,079	482,276	10,887,069
Government grants	1,552,810	75,254	166,295	5,000	-	74,925	60,208	1,934,492
Other	4,838,130	-	-	-	-	-	-	4,838,130
Contributed assets	7,971	-	-	-	-	-	-	7,971
Government business enterprise	993,368	-	-	-	-	-	-	993,368
<b>Total revenues</b>	<b>10,952,781</b>	<b>2,119,145</b>	<b>3,409,104</b>	<b>7,869,537</b>	<b>219,757</b>	<b>2,456,636</b>	<b>1,027,049</b>	<b>28,054,009</b>
<b>Expenses</b>								
Salaries and wages	2,537,417	1,370,458	1,705,820	662,196	141,225	1,806,244	758,105	8,981,465
Operating materials and supplies	514,239	372,744	1,254,474	138,046	133,812	1,140,098	163,303	3,716,716
Contracted services	311,404	55,207	975,957	4,652,993	1,196	91,872	114,436	6,203,065
Rents and financial expenses	201,741	-	-	185	-	1,087	-	203,013
Interfunctional transfers	(2,509,963)	486,200	219,158	1,387,919	72,203	369,229	(24,746)	-
Amortization	229,491	382,352	1,201,707	1,943,486	10,252	825,433	3,524	4,596,245
External transfers	264,061	-	-	-	287,968	750	120,416	673,195
Debt service	-	55,328	5,491	87,436	-	16,264	4,506	169,025
<b>Total expenses</b>	<b>1,548,390</b>	<b>2,722,289</b>	<b>5,362,607</b>	<b>8,872,261</b>	<b>646,656</b>	<b>4,250,977</b>	<b>1,139,544</b>	<b>24,542,724</b>
<b>Annual surplus / (deficit)</b>	<b>9,404,391</b>	<b>(603,144)</b>	<b>(1,953,503)</b>	<b>(1,002,724)</b>	<b>(426,899)</b>	<b>(1,794,341)</b>	<b>(112,495)</b>	<b>3,511,285</b>

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2014

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**13. Budget Data:**

The unaudited budget data presented in these consolidated financial statements are based upon the 2014 operating and capital budgets approved by Council. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements. Budgets established for tangible capital asset acquisitions are on a project-oriented basis, the costs of which may be carried out over one or more years. Where amounts were budgeted for on a project-oriented basis, the actual amounts for 2014 were used in order to adjust the budget numbers to reflect the same basis of accounting that was used to report the actual results. In addition, to ensure comparability of expenses, the allocation of program support costs completed for actual reporting was also applied to the budget amounts.

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

<b>Revenues:</b>		
	Operating Budget	24,777,899
		24,777,899
Add:	Development Charges	2,104,967
	Canada Gas Tax	689,927
	Recreational Land (the Planning Act)	114,944
		2,909,838
Less:	Transfer to reserves, including capital Principle and dividends from NOTLEI	(1,219,455) (746,316)
		(1,965,771)
	<b>Total Revenues</b>	<b>25,721,966</b>
<b>Expenses:</b>		
	Operating Budget	24,777,899
		24,777,899
Add:	Amortization	4,701,656
	Employee Future Benefits	11,048
	Loss on Sale of Tangible Capital Assets	34,367
		4,747,071
Less:	Transfer to reserves, including capital Debt Principal Payments	(4,670,367) (530,284)
		(5,200,651)
	<b>Total Expenses</b>	<b>24,324,319</b>
	<b>Annual Surplus</b>	<b>1,397,647</b>

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2014

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**14. Tangible Capital Assets:**

(a) Work in Progress

Work in progress having a value of \$2,340,730 (2013 - \$3,147,016) is not depreciated. Depreciation of these assets commence when the assets are placed in service. No interest was capitalized during the period.

(b) Contributed Capital Assets

Contributed capital assets are recognized at fair market value at the date of contribution. The value of contributed assets during the year is \$233,324 (2013 - \$7,971).

(c) Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair market value could not be made for a tangible capital asset, the asset was recognized at a nominal value. Nominal values totalling \$138 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, 2014

14. Tangible Capital Assets (continued):

General	Opening NBV \$	Opening Cost \$	Additions \$	Disposals \$	Closing Balance \$	Opening Accumulated		Deletions \$	Closing Accumulated Amortization \$	Closing NBV \$
						Amortization \$	Amortization \$			
Land	4,690,845	4,690,845	239,371	-	4,930,216	-	-	-	-	4,930,216
Land improvements	2,284,634	3,673,691	375,162	141,664	3,907,189	1,389,057	161,354	131,219	1,419,192	2,487,997
Buildings and fixtures	15,664,066	23,306,259	31,525	-	23,337,784	7,642,193	621,996	-	8,264,189	15,073,595
Machinery and equipment	2,581,842	4,806,915	95,349	799,682	4,102,582	2,225,073	232,772	649,086	1,808,759	2,293,823
Vehicles	3,684,577	6,748,667	451,370	190,775	7,009,262	3,064,090	459,490	181,252	3,342,328	3,666,934
Information technology	731,503	1,546,511	160,070	66,651	1,639,930	815,008	210,127	66,398	958,737	681,193
Exterior lighting	1,497,960	2,480,811	108,156	-	2,588,967	982,851	142,593	89,772	1,035,672	1,553,295
<b>Subtotal: General Assets</b>	<b>31,135,427</b>	<b>47,253,699</b>	<b>1,461,003</b>	<b>1,196,772</b>	<b>47,515,930</b>	<b>16,118,272</b>	<b>1,828,333</b>	<b>1,117,727</b>	<b>16,828,878</b>	<b>30,687,052</b>
<b>Infrastructure</b>										
Linear assets	128,000,567	168,862,032	6,155,605	158,608	174,859,029	40,861,465	2,733,783	101,979	43,493,269	131,365,760
Streetlighting	1,285,723	2,077,047	40,891	37,133	2,080,805	791,324	64,296	37,133	818,487	1,262,318
Other	1,727,324	2,823,293	978,774	12,801	3,789,266	1,095,969	75,243	12,803	1,158,409	2,630,857
<b>Subtotal: Infrastructure assets</b>	<b>131,013,614</b>	<b>173,762,372</b>	<b>7,175,270</b>	<b>208,542</b>	<b>180,729,100</b>	<b>42,748,758</b>	<b>2,873,322</b>	<b>151,915</b>	<b>45,470,165</b>	<b>135,256,935</b>
<b>Work in progress</b>										
Opening balance	3,147,014	3,147,014	8,839,893	-	11,986,907	-	-	-	-	-
Internally transferred	-	(9,646,177)	(9,646,177)	-	(9,646,177)	-	-	-	-	-
<b>Subtotal: Work in progress</b>	<b>3,147,014</b>	<b>3,147,014</b>	<b>(806,284)</b>	<b>-</b>	<b>2,340,730</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,340,730</b>
<b>Grand total as at Dec. 31 2013</b>	<b>165,296,055</b>	<b>224,163,085</b>	<b>7,829,989</b>	<b>1,407,314</b>	<b>230,585,760</b>	<b>58,867,030</b>	<b>4,701,655</b>	<b>1,269,642</b>	<b>62,299,043</b>	<b>168,286,717</b>

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended December 31, 2013  
14. Tangible Capital Assets (continued):

General	Opening NBV \$	Opening Cost \$	Additions \$	Disposals \$	Closing Balance \$	Opening		Closing		
						Accumulated Amortization \$	Amortization \$	Deletions \$	Accumulated Amortization \$	Closing NBV \$
Land	4,632,874	4,632,874	57,971	-	4,690,845	-	-	-	4,690,845	
Land improvements	2,178,163	3,414,981	258,710	-	3,673,691	1,236,818	152,239	-	1,389,057	
Buildings and fixtures	15,907,052	22,962,449	401,955	58,145	23,306,259	7,055,397	638,769	51,973	7,642,193	
Machinery and equipment	2,582,941	4,555,972	250,942	-	4,806,914	1,973,031	252,042	-	2,225,073	
Vehicles	3,339,842	6,389,375	794,619	435,327	6,748,667	3,049,533	440,143	425,586	3,064,090	
Information technology	737,460	1,466,409	185,983	105,881	1,546,511	728,949	191,940	105,881	815,008	
Exterior lighting	1,590,924	2,508,183	55,025	82,397	2,480,811	917,259	147,989	82,397	982,851	
<b>Subtotal: General Assets</b>	<b>30,969,256</b>	<b>45,930,243</b>	<b>2,005,205</b>	<b>681,750</b>	<b>47,253,698</b>	<b>14,960,987</b>	<b>1,823,122</b>	<b>665,837</b>	<b>16,118,272</b>	<b>31,135,426</b>
<b>Infrastructure</b>										
Linear assets	127,450,330	165,683,331	3,195,503	16,803	168,862,031	38,233,001	2,644,434	15,970	40,861,465	128,000,566
Streetlighting	1,329,937	2,055,663	21,384	-	2,077,047	725,726	65,598	-	791,324	1,285,723
Other	1,708,458	2,767,244	97,267	41,218	2,823,293	1,058,786	63,091	25,908	1,095,969	1,727,324
<b>Subtotal: Infrastructure assets</b>	<b>130,488,725</b>	<b>170,506,238</b>	<b>3,314,154</b>	<b>58,021</b>	<b>173,762,371</b>	<b>40,017,513</b>	<b>2,773,123</b>	<b>41,878</b>	<b>42,748,758</b>	<b>131,013,613</b>
<b>Work in progress</b>										
Opening balance	2,426,528	2,426,528	6,449,237	417,361	8,458,404					
Internally transferred			(5,311,388)		(5,311,388)					
<b>Subtotal: Work in progress</b>	<b>2,426,528</b>	<b>2,426,528</b>	<b>1,137,849</b>	<b>417,361</b>	<b>3,147,016</b>					<b>3,147,016</b>
<b>Grand total as at Dec. 31 2013</b>	<b>163,884,509</b>	<b>218,863,009</b>	<b>6,457,208</b>	<b>1,157,132</b>	<b>224,163,085</b>	<b>54,978,500</b>	<b>4,596,245</b>	<b>707,715</b>	<b>58,867,030</b>	<b>165,296,055</b>

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2014

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**15. Government Transfers**

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

	Budget 2014 \$	2014 \$	2013 \$
<b>Operating Transfers</b>			
Federal	6,000	15,860	5,495
Provincial	932,103	968,943	1,163,259
Upper-Tier/Other Municipalities	121,000	303,007	255,769
	<b>1,059,103</b>	<b>1,287,810</b>	<b>1,424,523</b>
<b>Capital Transfers</b>			
Federal	457,868	457,868	447,456
Provincial	-	-	-
Upper-Tier/Other Municipalities	-	-	-
	<b>457,868</b>	<b>457,868</b>	<b>447,456</b>
<b>Total Transfers</b>	<b>1,516,971</b>	<b>1,745,678</b>	<b>1,871,979</b>

**16. Correction of an immaterial prior period error:**

During the year ended December 31, 2014, the Town became aware of a number of plots of land that were owned by the Town but had not been recorded in tangible capital assets. The Town should have recorded these plots of land in previous year's financial statements. The impact of the correction has been recorded retrospectively and the cumulative effect up to December 31, 2014 has been recorded as a \$1,284,552 increase in tangible capital assets, a \$233,324 increase in contributed assets, and an increase in accumulated surplus of \$1,051,228 as of that date. The impact of the correction as at January 1, 2013 was a \$1,045,181 increase in tangible capital assets, a \$7,791 increase in contributed assets, and an increase in accumulated surplus of \$1,045,181 as of that date.

**THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE**  
**SCHEDULE OF LIBRARY FUND ACTIVITIES**  
for the year ended December 31, 2014

	Budget \$	2014 \$	2013 \$
<b>Revenues</b>			
Development charges	-	132,121	130,528
Miscellaneous	33,100	39,640	41,106
Municipal grant	538,596	538,596	528,035
Donations	-	127,895	6,509
Provincial grants	44,103	45,545	69,430
Other grants	4,000	15,860	5,495
	619,799	899,657	781,103
<b>Expenditures</b>			
Amortization	-	116,836	120,767
Insurance	6,000	5,970	5,815
Licensing and computer support	22,300	17,084	10,047
Memberships	1,500	1,569	1,479
General library expenses	23,100	21,986	23,745
Office supplies	30,700	42,846	37,611
Professional development	5,500	5,501	4,607
Professional fees	-	700	3,903
Program expenditures	7,500	12,154	12,700
Public relations	3,000	1,742	1,945
Purchases for resale	-	120	637
Rent	60,000	60,000	60,000
Telephone	1,800	1,604	1,672
External transfers	-	116,347	-
Wages and benefits	392,990	394,662	477,348
Workshops	3,000	2,982	1,605
	557,390	802,103	763,881
<b>Annual surplus (deficit)</b>	62,409	97,554	17,222
<b>Add: Amortization of tangible capital assets</b>	-	116,836	120,767
<b>Less: Acquisition of tangible capital assets</b>	-	(78,024)	(37,522)
<b>Transfers (to) / from reserve fund</b>	(62,409)	82,269	(7,462)
<b>Library Fund, end of year</b>	-	218,635	93,005



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

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

April 20, 2015  
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, 2014

	Total \$	Cemetery Care & Maintenance \$	Cemetery Preneeds Internments \$	Election Candidate Surplus \$
<b>Assets</b>				
Cash	960,384	816,872	143,512	-
<b>Liabilities</b>				
Due to operating fund	4,038	4,038	-	-
	<b>956,346</b>	<b>812,834</b>	<b>143,512</b>	<b>-</b>
<b>Fund Balances</b>				
Fund balances	956,346	812,834	143,512	-
	<b>956,346</b>	<b>812,834</b>	<b>143,512</b>	<b>-</b>

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

**STATEMENT OF OPERATIONS - TRUST FUNDS**

for the year ended December 31, 2014

	Total \$	Cemetery Care & Maintenance \$	Cemetery Preneeds Internments \$	Election Candidate Surplus \$
<b>Balance, Beginning of Year</b>	916,637	784,673	127,727	4,237
<b>Receipts</b>				
Care & Maintenance Agreements	28,161	28,161	-	-
Deposits	-	-	-	-
Interest earned	29,067	9,941	19,126	-
	57,228	38,102	19,126	-
<b>Expenditures</b>				
Interest transferred to:				
election expenses	4,237	-	-	4,237
cemetery maintenance	9,941	9,941	-	-
cemetery preneeds	3,341	-	3,341	-
	17,519	9,941	3,341	4,237
<b>Balance, End of Year</b>	956,346	812,834	143,512	-

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

**STATEMENT OF CASH FLOWS - TRUST FUNDS**

for the year ended December 31, 2014

	Actual 2014 \$	Actual 2013 \$
<b>Operations</b>		
Excess of receipts over expenditures	39,709	82,332
<b>Sources (Uses)</b>		
Change in interest receivable	896	(44)
Change in due from (to) operating fund	75,949	(41,790)
	76,845	(41,834)
<b>Increase in Cash</b>	116,554	40,498
<b>Cash, Beginning of Year</b>	843,830	803,332
<b>Cash, End of Year</b>	960,384	843,830

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

## NOTES TO THE FINANCIAL STATEMENTS - TRUST FUNDS

for the year ended December 31, 2014

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### 1. Significant Accounting Policies

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

#### (a) Basis of accounting

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