

*THE CORPORATION OF THE CITY OF ST. CATHARINES, ONTARIO*

*FINANCIAL STATEMENTS*

*TO THE YEAR ENDED DECEMBER 31, 2016*

*City of St. Catharines Consolidated Statements*

*Port Dalhousie Business Association*

*St. Catharines Downtown Association*

*St. Catharines Public Library*

*St. Catharines Transit Commission*

*Niagara District Airport Commission*



**THE CORPORATION OF THE CITY  
OF ST. CATHARINES**

**Consolidated Financial Statements**

**December 31, 2016**



## **THE CORPORATION OF THE CITY OF ST. CATHARINES**

### **Consolidated Financial Statements**

**December 31, 2016**

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# THE CORPORATION OF THE CITY OF ST. CATHARINES

## MANAGEMENT REPORT

December 31, 2016

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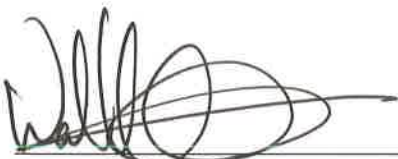
The accompanying consolidated financial statements of the The Corporation of the City of St. Catharines (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Municipality management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Crawford, Smith and Swallow Chartered Accountants LLP, independent external auditors appointed by the Municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Walter Sendzik

Mayor

September 13, 2017



Shelley Chemnitz

Acting Chief Administrative Officer

September 13, 2017



Crawford, Smith and Swallow  
Chartered Accountants LLP

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

## INDEPENDENT AUDITORS' REPORT

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To the Members of Council, Inhabitants and Ratepayers  
of The Corporation of the City of St. Catharines

We have audited the accompanying consolidated financial statements of The Corporation of the City of St. Catharines, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations and accumulated surplus, cash flows and change in net financial liabilities for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### *Auditors' Responsibility*

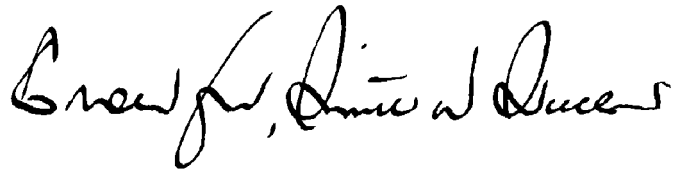
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain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

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

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

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the City of St. Catharines as at December 31, 2016, and the results of its operations, cash flows and changes in net financial liabilities for the year then ended in accordance with Canadian public sector accounting standards.

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

Niagara Falls, Ontario  
September 13, 2017

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP

LICENSED PUBLIC ACCOUNTANTS

**THE CORPORATION OF THE CITY OF ST. CATHARINES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

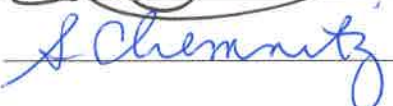
December 31, 2016

(In thousands of dollars)

	2016 \$	2015 \$
<b>Financial Assets</b>		
Cash and cash equivalents - note 2	54,120	41,841
Taxes receivable - note 3	14,600	16,674
Accounts receivable	19,040	23,692
Loans receivable - note 4	1,286	
Note receivable - St. Catharines Hydro Inc. - note 5	7,754	7,754
Investment in St. Catharines Hydro Inc. - note 5	69,169	71,751
	<u>165,969</u>	<u>161,712</u>
<b>Contingent Liabilities - note 15</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities - note 7	21,518	28,964
Deferred revenue - obligatory reserve funds - note 8	17,802	17,364
Other current liabilities	5,719	4,804
Employee future benefits - note 9	15,429	14,938
Landfill post-closure liability - note 17	2,964	3,139
Net long-term liabilities - note 10	105,144	104,340
	<u>168,576</u>	<u>173,549</u>
<b>Net Financial Liabilities</b>	<b>(2,607)</b>	<b>(11,837)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets	709,970	710,123
Inventories	1,529	1,673
Other current assets	1,573	1,308
	<u>713,072</u>	<u>713,104</u>
<b>Accumulated Surplus - note 11</b>	<b>710,465</b>	<b>701,267</b>

Signed on behalf of the Municipality:

 Mayor

 Acting Chief Administrative Officer

See accompanying notes

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

for the year ended December 31, 2016  
(In thousands of dollars)

	2016 Budget \$	2016 Actual \$	2015 Actual \$
<b>Revenues</b>			
Taxation	95,672	98,326	93,935
Taxation from other governments	2,594	2,394	2,294
User fees and charges	41,709	47,510	41,658
Government grants	1,236	1,681	1,927
Interest and penalties	2,678	2,785	2,784
Investment income	641	1,476	1,401
Donations	431	114	249
Other	6,396	11,625	9,248
St. Catharines Hydro Inc. net income	3,384	279	6,323
Loss on disposal of tangible capital assets		(1,712)	(594)
	154,741	164,478	159,225
<b>Expenses</b>			
General government	16,760	17,254	19,881
Protection to persons and property	28,006	27,502	28,057
Transportation services	28,024	50,785	48,941
Environmental services	19,332	16,742	16,271
Health services	1,715	4,059	4,082
Social and family services	320	383	377
Recreation and cultural services	31,513	40,419	36,695
Planning and development	5,494	5,893	6,278
	131,164	163,037	160,582
<b>Annual Surplus (Deficit) Before Other Revenue Related to Capital</b>	23,577	1,441	(1,357)
<b>Other Revenue Related to Capital</b>			
Government grants		6,433	14,223
Contributions from developers			57
Donations		1,324	2,594
		7,757	16,874
<b>Annual Surplus</b>	23,577	9,198	15,517
<b>Accumulated Surplus, Beginning of Year</b>	701,267	701,267	685,750
<b>Accumulated Surplus, End of Year</b>	<b>724,844</b>	<b>710,465</b>	<b>701,267</b>

See accompanying notes

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2016

(In thousands of dollars)

	2016 \$	2015 \$
<b>Operations</b>		
Annual surplus	9,198	15,517
Sources (Uses)		
Change in taxes receivable	2,074	(906)
Change in accounts receivable	4,652	1,127
Change in loans receivable	(1,286)	
Change in inventories	144	(281)
Change in other current assets	(265)	(302)
Change in accounts payable and accrued liabilities	(7,446)	1,491
Change in deferred revenue - obligatory reserve funds	438	(208)
Change in other current liabilities	915	1,626
Change in employee future benefits	491	2
Change in landfill post-closure liability	(175)	(837)
	(458)	1,712
Non-cash charges to operations		
Amortization of tangible capital assets	28,662	28,166
Loss on disposal of tangible capital assets	1,712	594
	30,374	28,760
Net increase in cash from operations	39,114	45,989
<b>Capital</b>		
Acquisition of tangible capital assets	(30,315)	(50,816)
Proceeds on disposal of tangible capital assets	94	207
Net decrease in cash from capital activities	(30,221)	(50,609)
<b>Investing</b>		
Income from St. Catharines Hydro Inc.	(279)	(6,323)
Dividends received - St. Catharines Hydro Inc.	2,861	2,573
Net increase (decrease) in cash from investing	2,582	(3,750)
<b>Financing</b>		
Construction loan advances		(22,309)
Long-term debt issued	11,144	39,028
Long-term debt repaid	(10,340)	(8,999)
Net increase in cash from financing	804	7,720
<b>Increase (Decrease) in Cash Position</b>	12,279	(650)
<b>Cash Position, Beginning of Year</b>	41,841	42,491
<b>Cash Position, End of Year</b>	<b>54,120</b>	<b>41,841</b>

See accompanying notes

**THE CORPORATION OF THE CITY OF ST. CATHARINES**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL**  
**LIABILITIES**

for the year ended December 31, 2016  
(In thousands of dollars)

	2016	2015
	\$	\$
<b>Annual Surplus</b>	9,198	15,517
<b>Acquisition of Tangible Capital Assets</b>	(30,315)	(50,816)
<b>Amortization of Tangible Capital Assets</b>	28,662	28,166
<b>Loss on Disposal of Tangible Capital Assets</b>	1,712	594
<b>Proceeds on Disposal of Tangible Capital Assets</b>	94	207
<b>Change in Inventories</b>	144	(281)
<b>Change in Other Current Assets</b>	(265)	(302)
<b>Decrease (Increase) in Net Financial Liabilities</b>	9,230	(6,915)
<b>Net Financial Liabilities, Beginning of Year</b>	(11,837)	(4,922)
<b>Net Financial Liabilities, End of Year</b>	<b>(2,607)</b>	<b>(11,837)</b>

See accompanying notes

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

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### 1. Significant Accounting Policies

The consolidated financial statements of the The Corporation of the City of St. Catharines (the "Municipality") are the representations of management prepared in accordance with accounting standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada with the exception of providing budget figures (note 18).

#### (a) Basis of consolidation

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

St. Catharines Public Library Board  
St. Catharines Downtown Association  
Port Dalhousie Business Improvement Area  
St. Catharines Transit Commission  
St. Catharines Hydro Inc.

St. Catharines Hydro Inc. (the "Company") is accounted for on a modified equity basis, consistent with the accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Municipality, and inter-organizational transactions and balances are not eliminated. The Municipality recognizes its equity interest in the annual income or loss of the Company in its Consolidated Statement of Operations and Accumulated Surplus with a corresponding increase or decrease in its investment asset account. Any dividends that the Municipality receives from the Company are reflected as reductions in the investment asset account.

- (ii) Partial-consolidated entities

The following joint local board is proportionately consolidated. See note 16.

Niagara District Airport Commission (Joint Board)

- (iii) Accounting for Region and School Board transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the Region of Niagara are not reflected in the municipal fund balances of these consolidated financial statements.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

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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 Municipality are not consolidated, but are reported separately on the trust funds Statement of Financial Position and Statement of Financial Activities and Changes in Fund Balances.

#### (b) Basis of accounting

(i) Revenues and expenses are reported on the accrual basis of accounting.

(ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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) Cash and cash equivalents

Cash equivalents consist of provincial government bonds and schedule 1 banks bearer deposit notes. Cash equivalents are recorded at the lower of cost plus accrued interest and market value, and are redeemable on demand.

##### (iv) 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 annual surplus, provides the change in net financial assets for the year.

##### (v) Loans receivable

Loans receivable are initially reported on the consolidated statement of financial position at cost. Valuation allowances are used, when necessary, to report the loans receivable balance at the lower of cost and net recoverable value. Changes in valuation allowances are recognized in expenses in the consolidated statement of operations and accumulated surplus. These allowances are determined using the best estimates available in light of past events, current conditions, and taking into account all circumstances known at the date of the preparation of the consolidated financial statements. When the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery, loans receivable are reduced by the amount of that loss. Any interest revenue earned on loans receivable is recognized when earned and ceases to be accrued on loans when collectibility is no longer reasonably assured.



# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

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### 1. Significant Accounting Policies - continued

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

##### (vi) Tangible capital assets

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

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

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

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

<u>Asset Class</u>	<u>Period</u>	<u>Basis</u>
General Assets		
Land	- NIL	
Land improvements	- 10-75 years	straight line and declining balance
Buildings and building improvements	- 10-75 years	straight line
Machinery and equipment	- 3-75 years	straight line
Furniture and fixtures	- 5-100 years	straight line
Information technology	- 3-12 years	straight line
Vehicles	- 5-20 years	straight line

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

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### 1. Significant Accounting Policies - continued

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

##### (vi) Tangible capital assets - continued

###### Infrastructure

Land	-	NIL	
Land improvements	-	10-50 years	straight line and declining balance
Buildings and building improvements	-	15-75 years	straight line
Machinery and equipment	-	7-40 years	straight line
Information technology	-	3-12 years	straight line
Vehicles	-	7-10 years	straight line
Linear	-	10-100 years	straight line and declining balance

##### (vii) Inventories

Inventories are valued at average cost.

##### (viii) Deferred revenue

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

##### (ix) Employee future benefits

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer contributory defined benefit program with contributions expensed as incurred. The costs of other retirement benefits are determined using the projected benefit method prorated on services and management's best estimate of retirement ages of employees and health benefit costs. The liabilities are discounted using current interest rates on long-term bonds.

##### (x) Government grant transfers

Government grant transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. The transfer revenue is recognized in the Consolidated Statement of Operations and Accumulated Surplus as the stipulations giving rise to the liabilities are settled.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

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### 1. Significant Accounting Policies - continued

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

##### (xi) Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards 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 reporting periods. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results.

### 2. Cash and Cash Equivalents

	(in thousands of dollars)	
	2016	2015
	\$	\$
Cash	22,234	20,548
Cash equivalents	31,886	21,293
	<b>54,120</b>	<b>41,841</b>

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# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

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### 3. Taxes Receivable and Revenues

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC") and in accordance with the provisions of the Municipal Act, 2001. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes.

A normal part of the assessment process is the issuance of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings.

Assessment and the related property taxes are subject to appeal. Tax adjustments as a result of appeal are recorded when the result of the appeal process is known or based on management's best estimate.

The property tax receivables, tax revenue and accounts payable and accrued liabilities of the Municipality are subject to measurement uncertainty as a significant number of appeals submitted by ratepayers have yet to be heard. In addition to the allowance for doubtful accounts of \$ 1,218,784, the Municipality has provided for an additional amount of \$ 2,212,248, which is included in accounts payable and accrued liabilities, to fund outstanding tax appeals. The taxes receivable balance, including penalties and interest, is as follows:

	(in thousands of dollars)	
	2016	2015
	\$	\$
Current year	8,186	9,134
Arrears previous years	7,633	8,507
	15,819	17,641
Less allowance	(1,219)	(967)
	<b>14,600</b>	<b>16,674</b>

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

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

### 4. Loans Receivable

The City has the ability to recover costs related to the extension of municipal services from property owners through local improvement charges. Property owners may pay amounts in full or they can choose to pay over a set period of time.

The current loans receivable, related to infrastructure improvements on Fourth Avenue Louth, are reported at cost, net of a valuation allowance of nil. All loans bear interest at 2.0% and are repayable over a ten-year period ending October, 2025.

### 5. Investment in St. Catharines Hydro Inc.

	(in thousands of dollars)	
	2016	2015
	\$	\$
Statement of Financial Position		
Current assets	9,028	8,595
Investments	55,769	51,211
Capital assets	5,776	13,579
Intangible assets	7,235	7,791
Deferred payments in lieu of corporate income taxes	655	134
<b>Total Assets</b>	<b>78,463</b>	<b>81,310</b>
Current liabilities	1,540	230
Long-term note payable	7,754	7,754
Future income tax liabilities		1,575
<b>Total Liabilities</b>	<b>9,294</b>	<b>9,559</b>
<b>Net Assets</b>	<b>69,169</b>	<b>71,751</b>

	(in thousands of dollars)	
	2016	2015
	\$	\$
Statement of Financial Activities		
Revenues	10,208	9,083
Operating expenses	9,934	2,760
Net Income before Other Item	274	6,323
Refundable Payment in Lieu of Corporate Taxes	5	
<b>Net Income</b>	<b>279</b>	<b>6,323</b>

The \$ 7,754,000 long-term note payable is due to the Corporation of the City of St. Catharines bearing interest at 7.15% with no fixed term of repayment. To date, the company has not received any notice requiring the immediate redemption of the note.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

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### 6. Credit Facility

The Municipality has an authorized operating loan due on demand of \$ 20,000,000 bearing interest at prime less 0.85% to assist with general operating requirements and to finance current expenditures. The credit facility is unsecured and due on demand. As at December 31, 2016, nil has been drawn upon.

### 7. Accounts Payable and Accrued Liabilities

The accounts payable balance is as follows:

	(in thousands of dollars)	
	2016	2015
	\$	\$
Trade accounts payable	6,873	10,232
Payables to other governments	5,537	6,125
Payables to school boards	20	535
Other	9,088	12,072
	<b>21,518</b>	<b>28,964</b>

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### 8. Deferred Revenue - Obligatory Reserve Funds

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

	(in thousands of dollars)	
	2016	2015
	\$	\$
Impost and development	3,515	3,481
Subdivider deposits	872	584
Revenue under the Planning Act	1,248	1,285
Future sidewalks	1,001	999
Gasoline tax - provincial	2,421	2,911
Gasoline tax - federal	8,745	8,104
	<b>17,802</b>	<b>17,364</b>

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# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

### 9. Employee Future Benefits

The Municipality provides certain employee benefits which will require funding in future periods. Under the sick-leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Municipality's employment.

The Municipality pays certain medical, dental and life insurance benefits on behalf of its retired employees. The Municipality recognizes these post-retirement costs in the period in which the employees renders the services. The accrued benefit obligation was determined by actuarial valuation using a discount rate of 3.50% (4.25% - 2015).

The Municipality has established a reserve for the accumulated sick leave liability. The balance as at December 31, 2016 is \$ 3,005,640 (\$ 3,021,900 - 2015).

#### Defined Benefit Plan Information

	(in thousands of dollars)	
	2016	2015
	\$	\$
Employee benefit plan assets		
Employee benefit plan liabilities	15,429	14,938
Employee benefit plan deficit	<b>15,429</b>	<b>14,938</b>
Accrued benefit obligation, beginning of year	14,938	14,936
Expense for the year	1,306	1,151
Amortization of actuarial losses (gains)	(80)	(238)
Benefits paid during the year	(735)	(911)
Accrued benefit obligation, end of year	<b>15,429</b>	<b>14,938</b>

As a result of an actuarial valuation conducted in 2017 for the year ending December 31, 2016, it was determined that an actuarial gain of \$ 808,698 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value remaining is \$ 728,288. The actual obligation is \$ 14,700,254.

The next actuarial valuation required is for December 31, 2019.

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

**General Inflation** - Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% in 2016 and thereafter.

**Salary Levels** - Future salary and wage levels were assumed to increase at 2.0% per annum to reflect expected increases in CPI adjusted for productivity, merit and promotion.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

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### 9. Employee Future Benefits - continued

**Medical Costs** - Medical costs were assumed to increase at a rate of 6.40% graded down to 6.20% in 2017, 5.99% in 2018, and 5.78% in 2019, 5.56% in 2020, 5.35% in 2021, 5.14% in 2022, 4.93% in 2023, 4.71% in 2024, and 4.50% in 2025 and each year thereafter.

**Dental Costs** - Dental costs were assumed to increase at a rate of 4.50% in 2016 and each year thereafter.

### 10. 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:

	(in thousands of dollars)	
	2016	2015
	\$	\$
The Municipality has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities. At the end of the year the outstanding principal amount of this liability is	<b>105,144</b>	<b>104,340</b>

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

	\$
2017	10,816,409
2018	10,028,607
2019	9,076,889
2020	8,448,877
2021	8,122,723
Thereafter	58,650,309

- (c) Included in the net long-term liabilities reported in (a), \$ 8,113,189 relates to a sinking fund debenture. The principal portion of the sinking fund is \$ 9,333,334, the balance of sinking funds set aside in 2016 is \$ 180,799 including 2016 interest earned of \$ 46,839.
- (d) The long-term liabilities in (a) issued in the name of the Municipality 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.
- (e) Interest expense on long-term debt amounted to \$ 3,619,488 (\$ 3,452,795 - 2015).



**THE CORPORATION OF THE CITY OF ST. CATHARINES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended December 31, 2016

**11. Accumulated Surplus**

	(in thousands of dollars)	
	2016	2015
	\$	\$
Invested in tangible capital assets	695,746	688,630
Operating fund	5,551	4,794
Reserves and reserve funds	56,843	50,617
Equity in St. Catharines Hydro Inc.	76,923	79,505
	<b>835,063</b>	<b>823,546</b>
Amounts to be recovered		
Employee future benefits	(15,429)	(14,938)
Landfill post-closure liability	(2,964)	(3,139)
Net long-term liabilities	(106,205)	(104,202)
	<b>(124,598)</b>	<b>(122,279)</b>
	<b>710,465</b>	<b>701,267</b>

(a) Operating fund balance

	(in thousands of dollars)	
	2016	2015
	\$	\$
To be applied in the following year to operations of the:		
Operating fund	1,443	1,320
Transit	110	25
Library	80	90
Airport Commission	73	39
To be applied to water operations for the following year	3,845	3,320
	<b>5,551</b>	<b>4,794</b>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

### 11. Accumulated Surplus - continued

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

	(in thousands of dollars)	
	2016	2015
	\$	\$
Reserves set aside by council for specific purposes:		
Replacement of equipment	7,905	8,103
Cumulative sick leave	3,006	3,022
Library purposes	4,115	3,683
Transit purposes	138	79
Encumbrances	19,541	16,835
Building improvements	1,565	1,492
Cemetery	30	30
Hydro funds	200	
Winter control	150	
Tax rate stabilization	450	
Infrastructure levy	890	
Litigation/insurance	200	
Election reserve	400	
Meridian Centre capital	110	
Community Improvement Plan Funds	4,572	3,903
Brownfield		19
FirstOntario Performing Arts Centre capital	130	67
	43,402	37,233
Reserve Funds set aside by council for specific purposes:		
Actifest	6	8
Business improvement purposes	119	105
Community development	11,384	11,616
Mausoleum	101	55
Paratransit capital purposes	90	146
Parking	1,741	1,454
	13,441	13,384
	<b>56,843</b>	<b>50,617</b>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

### 11. Accumulated Surplus - continued

(c) St. Catharines Hydro Inc. net equity

	(in thousands of dollars)	
	2016	2015
	\$	\$
Balance, beginning of year	79,505	75,755
Changes during the year		
Net income for the year	279	6,323
Dividends paid during the year	(2,861)	(2,573)
	(2,582)	3,750
Balance, end of year	<b>76,923</b>	<b>79,505</b>

### 12. Trust Funds

Trust funds administered by the Municipality amounting to \$ 10,323,000 (\$ 9,982,000 - 2015) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

### 13. Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 939 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 450,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2016 was \$ 6,373,785 (\$ 5,815,567 - 2015) for current service and is included as an expense in the Consolidated Statement of Operations and Accumulated Surplus.

On January 1, 2016, the yearly maximum pension earnings increased to \$ 54,900 from \$ 53,600 in 2015. The contributions are calculated at a rate of 9% (9% - 2015) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (14.6% - 2015) for amounts above the yearly maximum pension earnings.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

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### 14. Contractual Obligations and Commitments

#### Capital expenditures

The estimated future capital expenditures based on projects in progress at December 31, 2016 is approximately \$ 53,799,000 (\$ 49,552,000 - 2015) after deducting the expenditures incurred as at December 31, 2016. These projects will be financed by grants, subsidies and long-term liabilities in future years.

#### Niagara Health System St. Catharines Hospital

The Municipality is committed to funding \$ 31,200,000 (net present value) of the local share amount of \$ 60,000,000 to construct the Niagara Health System ("NHS") hospital complex located in St. Catharines. The Municipality approved a plan which results in an additional annual tax levy in the amount of \$ 2,209,605 for next year and for 9 years thereafter. The schedule of payments to the NHS consists of a lump sum payment of \$ 8,271,760 that was paid in 2011, and annual installments of \$ 2,208,959 from 2012 to 2026.

### 15. Contingent Liabilities

#### Legal

From time to time, the Municipality is subject to claims and other lawsuits that arise in the ordinary course of operations, some of which may seek damages in substantial amounts, including punitive or extraordinary damages. These claims may be covered by the Municipality's insurance up to a maximum of \$ 20,000,000 per occurrence. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

#### First Ontario Performing Arts Centre

The City must notify the Government of Canada and the Province of Ontario in writing, if at any time during a period of twenty five years from the date of completion of the First Ontario Performing Arts Centre, that being December 31, 2015, the City proposes to sell, lease, encumber, use in a manner other than as described in agreement, or otherwise dispose of, directly or indirectly, any part of the facility constructed, rehabilitated or improved. The City is contingently liable for a proportionate amount of \$ 36,000,000 contributed equally by the Government of Canada and the Province of Ontario. The requirement for repayment relating to the Federal portion is reduced 4% per annum up to twenty five years after the date of completion. The requirement for repayment relating to the Provincial portion is 100% within two years of project completion, 90% after two years and before five years, 75% after five years and before ten years, 45% after ten years and before fifteen years, 15% after fifteen years and before twenty years, 5% after twenty years and before twenty five years, and nil thereafter.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

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### 16. Contributions to Joint Board

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

	(in thousands of dollars)	
	2016	2015
	\$	\$
Niagara District Airport Commission	204	174

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The Municipality's share of the net assets of the Niagara District Airport Commission is approximately 55%.

### 17. Landfill Post Closure Liability

The Municipality currently monitors several landfill sites which were closed in prior years. The liability for post-closure care has been recognized based on monitoring costs included in the 2017 budget and inflation adjusted at 1.6% per annum. These costs were then discounted to December 31, 2016 using a discount rate of 3.5%.

The liability for post-closure care as at December 31, 2016 is \$ 2,964,126 (\$ 3,139,385 - 2015). Estimated annual expenditures for post-closure care are \$ 145,000 (\$ 157,500 - 2015) and are expected to be incurred for the next 26 years.

### 18. Budget Figures

The approved operating budget for 2016 is reflected on the Consolidated Statement of Operations and Accumulated Surplus. These numbers have not been audited but are presented for information purposes only. The budgets established for capital funds, reserves and reserve funds are on a project-oriented basis, the costs of which may be carried out over one or more years. As such, they are not directly comparable with current year actual amounts and have not been reflected. Budget figures have been reclassified to comply with PSAB reporting requirements.

### 19. Comparative Figures

Certain figures have been reclassified to conform with the current year's presentation. This includes certain tangible capital assets that have been reclassified to different asset classes.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

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### 20. Segmented Reporting

The City of St. Catharines is a lower tier municipality that provides a wide range of services to its citizens. Segments include General Government, Protection, Transportation, Environmental and Recreation and Culture. Major services and activities provided by each segment are as follows:

#### General Government

Reported in the General Government functional area are the combined functions of general government, health services, social and family services and planning and development.

General government includes services relating to governance, corporate management and program support. These are the combined services of the CAO's office, Financial Management, Legal and Corporate Support Services departments.

Health Services includes the administration, operation and maintenance of City cemeteries. Also included here is the City's commitment to the Niagara Health System hospital.

Social and family services includes the administration, operation and maintenance of seniors programs and facilities. Also included here are Para Transit Services provided by the St. Catharines Transit Commission.

Planning and development services includes services relating to the Official Plan, zoning, community improvement, the attraction and retention of new and existing businesses and tourism. Also included here are the services provided by the Downtown Association and Port Dalhousie Business Improvement Area.

#### Protection to Persons and Property

Reported in the Protection to Persons and Property functional area are services relating to fire suppression, prevention, training and communication, the issuance of permits, building inspections and property standards, enforcement of applicable municipal bylaws and technical analysis and recommendations for proposed and existing developments.

#### Transportation Services

Reported in the Transportation Services functional area are services relating to the construction, rehabilitation and maintenance of City's road and sidewalk network, winter control, parking and parking enforcement and street lighting. Also included are Urban Transit Services provided by the St. Catharines Transit Commission and the City's portion of the Niagara District Airport.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

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### 20. Segmented Reporting - continued

#### Environmental Services

Reported in the Environmental Services functional area are services relating to the construction, rehabilitation and maintenance of the City's storm sewer, sanitary sewer and waterline network, pollution control, environmental monitoring and the implementation of environmental programs.

#### Recreation/Culture Services

Reported in the Recreation/Cultural Services functional area are services relating to the administration, operations and maintenance of the City's parks, recreation facilities and programs, museum, heritage facilities and cultural programs. Also included are library services provided by the St. Catharines Public Library Board.

**THE CORPORATION OF THE CITY OF ST. CATHARINES**

**SCHEDULE OF SEGMENTED REPORTING**

December 31, 2016

(In thousands of dollars)

	General Government 2016 Actual \$	General Government 2015 Actual \$	Protection 2016 Actual \$	Protection 2015 Actual \$	Transportation 2016 Actual \$	Transportation 2015 Actual \$	Environmental 2016 Actual \$	Environmental 2015 Actual \$	Recreation/ Culture 2016 Actual \$	Recreation/ Culture 2015 Actual \$	SCHI 2016 Actual \$	SCHI 2015 Actual \$	Total 2016 Actual \$	Total 2015 Actual \$
<b>Revenues</b>														
Taxation	20,747	22,920	23,795	23,390	23,401	20,384	8,063	2,067	22,320	25,174			98,326	93,935
Taxation from other governments	505	560	579	571	570	498	196	50	544	615			2,394	2,294
User fees and charges	2,262	2,796	1,248	1,157	14,993	14,041	23,970	19,777	5,037	3,887			47,510	41,658
Government grants	378	322	52	24			822	967	429	614			1,681	1,927
Interest and penalties	587	679	674	693	663	604	228	61	633	747			2,785	2,784
Investment income	938	924	154	145	153	128	52	13	179	191			1,476	1,401
Donations	83	103			5	11			26	135			114	249
Other	892	824	1,828	1,737	1,100	995	319	72	7,486	5,620			11,625	9,248
St. Catharines Hydro Inc. net income											279	6,323	279	6,323
Gain (loss) on disposal of tangible capital assets	149	(3)	5	27	(645)	10	(543)	(631)	(678)	3			(1,712)	(594)
	26,541	29,125	28,335	27,744	40,240	36,671	33,107	22,376	35,976	36,986	279	6,323	164,478	159,225
<b>Expenditures</b>														
Salaries and wages	16,209	18,754	23,794	24,393	23,824	20,387	5,760	5,501	16,670	15,810			86,257	84,845
Operating materials and supplies	5,094	5,354	1,609	1,432	10,208	10,227	(64)	(646)	9,439	8,531			26,286	24,898
Contracted services	2,489	3,327	653	724	3,364	4,170	2,446	2,234	4,334	3,539			13,286	13,994
Rents and financial expenses	613	289	4	74	232	325	903	1,500	523	313			2,275	2,501
Interfunctional transfer	(904)	(1,788)	267	277	(1,265)	(462)	1,832	1,913	70	60				
External transfer	2,333	2,513			10				319	202			2,652	2,725
Amortization	1,431	1,851	1,070	1,060	13,528	13,356	5,392	5,220	7,241	6,679			28,662	28,166
Debt service	324	318	105	97	894	928	473	549	1,823	1,561			3,619	3,453
	27,589	30,618	27,502	28,057	50,785	48,941	16,742	16,271	40,419	36,695			163,037	160,582
<b>Annual Surplus (Deficit) Before Other Revenue Related to Capital</b>	(1,048)	(1,493)	833	(313)	(10,545)	(12,270)	16,365	6,105	(4,443)	291	279	6,323	1,441	(1,357)
<b>Other Revenue Related to Capital</b>														
Government grants					5,358	4,378	1,075	2,640		7,205			6,433	14,223
Contributions from developers						7				50				57
Donations									1,324	2,594			1,324	2,594
					5,358	4,385	1,075	2,640	1,324	9,849			7,757	16,874
<b>Annual Surplus (Deficit)</b>	<b>(1,048)</b>	<b>(1,493)</b>	<b>833</b>	<b>(313)</b>	<b>(5,187)</b>	<b>(7,885)</b>	<b>17,440</b>	<b>8,745</b>	<b>(3,119)</b>	<b>10,140</b>	<b>279</b>	<b>6,323</b>	<b>9,198</b>	<b>15,517</b>

See accompanying notes



# THE CORPORATION OF THE CITY OF ST. CATHARINES

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2016

(In thousands of dollars)

	Cost			Accumulated Amortization				Net Book Value	
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, Beginning of Year	Amortization	Disposals		Balance, End of Year
	\$	\$	\$	\$	\$	\$	\$	\$	
<b>General</b>									
Land	40,182	1,588	181	41,589				41,589	
Land improvements	69,861	440	265	70,036	27,178	2,110	177	29,111	
Buildings, improvements and components	237,846	2,908	1,348	239,406	44,967	5,735	887	49,815	
Machinery and equipment	23,606	1,565	915	24,256	11,705	1,772	915	12,562	
Furniture and fixtures	10,610	315	233	10,692	2,246	622	233	2,635	
Information technology	8,748	653	360	9,041	4,824	938	359	5,403	
Vehicles	48,244	3,435	1,993	49,686	30,221	3,481	1,993	31,709	
	439,097	10,904	5,295	444,706	121,141	14,658	4,564	131,235	
<b>Infrastructure</b>									
Land	2,284		4	2,280				2,280	
Land improvements	8,502			8,502	3,437	185		3,622	
Buildings, improvements and components	31,211			31,211	8,238	841		9,079	
Machinery and equipment	19,141	2,867	860	21,148	8,710	1,073	603	9,180	
Information technology	95			95	94	1		95	
Vehicles	8,839	467	221	9,085	5,573	702	221	6,054	
Linear	622,111	11,495	4,376	629,230	291,219	11,202	3,562	298,859	
	692,183	14,829	5,461	701,551	317,271	14,004	4,386	326,889	
<b>Work in Progress</b>	17,255	19,601	15,019	21,837					
<b>December 31, 2016</b>	<b>1,148,535</b>	<b>45,334</b>	<b>25,775</b>	<b>1,168,094</b>	<b>438,412</b>	<b>28,662</b>	<b>8,950</b>	<b>458,124</b>	<b>709,970</b>

See accompanying notes

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2015

(In thousands of dollars)

	Cost			Accumulated Amortization			Balance, End of Year	Net Book Value
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, Beginning of Year	Amortization		
	\$	\$	\$	\$	\$	\$	\$	\$
<b>General</b>								
Land	39,205	977		40,182				40,182
Land improvements	66,629	3,250	18	69,861	25,084	2,112	18	42,683
Buildings, improvements and components	187,351	50,549	54	237,846	39,792	5,193	18	192,879
Machinery and equipment	23,298	1,528	1,220	23,606	11,101	1,757	1,153	11,901
Furniture and fixtures	9,064	1,546		10,610	1,669	577		8,364
Information technology	7,814	982	48	8,748	3,874	988	38	3,924
Vehicles	45,853	2,844	453	48,244	27,277	3,397	453	18,023
	379,214	61,676	1,793	439,097	108,797	14,024	1,680	317,956
<b>Infrastructure</b>								
Land	2,240	44		2,284				2,284
Land improvements	8,121	421	40	8,502	3,293	184	40	5,065
Buildings, improvements and components	31,211			31,211	7,397	841		22,973
Machinery and equipment	16,692	3,516	1,067	19,141	8,483	946	719	10,431
Information technology	95			95	79	15		1
Vehicles	9,054	618	833	8,839	5,739	667	833	3,266
Linear	615,282	7,834	1,005	622,111	280,395	11,489	665	330,892
	682,695	12,433	2,945	692,183	305,386	14,142	2,257	374,912
<b>Work in Progress</b>	40,548		23,293	17,255				17,255
<b>December 31, 2015</b>	<b>1,102,457</b>	<b>74,109</b>	<b>28,031</b>	<b>1,148,535</b>	<b>414,183</b>	<b>28,166</b>	<b>3,937</b>	<b>438,412</b>
								<b>710,123</b>

See accompanying notes

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*crawford  
smith &  
swallow*

Offices in:  
Niagara Falls, Ontario  
St. Catharines, Ontario  
Fort Erie, Ontario  
Niagara-on-the-Lake, Ontario  
Port Colborne, Ontario

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

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To the Members of Council, Inhabitants and Ratepayers  
of The Corporation of the City of St. Catharines

We have audited accompanying financial statements of the trust funds of The Corporation of the City of St. Catharines, which comprise the statement of financial position as at December 31, 2016 and the statement of financial activities and changes in fund balances for the year then ended and a summary of significant accounting policies and other explanatory information.

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

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

### *Auditors' Responsibility*

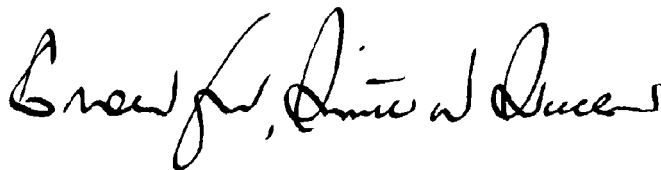
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

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

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the City of St. Catharines as at December 31, 2016 and the continuity of trust funds for the year then ended in accordance with Canadian public sector accounting standards.



Niagara Falls, Ontario  
September 13, 2017

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP

LICENSED PUBLIC ACCOUNTANTS

**THE CORPORATION OF THE CITY OF ST. CATHARINES**

**STATEMENT OF FINANCIAL POSITION - TRUST FUNDS**

December 31, 2016

(In thousands of dollars)

	Total		Cemetery Perpetual Care Fund		Marker Care & Maintenance Fund		Memorial Forest	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
<b>Assets</b>								
Cash	223	421	101	99	73	72		
Investments (market value 2016 - \$9,809; 2015 - \$9,766)	9,809	9,766	7,952	8,264	602	599		
Prepaid interest	119	91	119	91				
Due from operating fund	281	18	265				16	18
	<b>10,432</b>	<b>10,296</b>	<b>8,437</b>	<b>8,454</b>	<b>675</b>	<b>671</b>	<b>16</b>	<b>18</b>
<b>Liabilities and Fund Balances</b>								
Due to operating fund	109	314		170	76	87		
Fund balances	10,323	9,982	8,437	8,284	599	584	16	18
	<b>10,432</b>	<b>10,296</b>	<b>8,437</b>	<b>8,454</b>	<b>675</b>	<b>671</b>	<b>16</b>	<b>18</b>

See accompanying notes

**THE CORPORATION OF THE CITY OF ST. CATHARINES**

**STATEMENT OF FINANCIAL POSITION - TRUST FUNDS**

December 31, 2016

(In thousands of dollars)

	Library Endowment & Trust Fund	
	2016	2015
	\$	\$
<b>Assets</b>		
Cash	49	250
Investments (market value 2016 - \$9,809; 2015 - \$9,766)	1,255	903
Prepaid interest Due from operating fund		
	<b>1,304</b>	<b>1,153</b>
<b>Liabilities and Fund Balances</b>		
Due to operating fund	33	57
Fund balances	1,271	1,096
	<b>1,304</b>	<b>1,153</b>

See accompanying notes

**THE CORPORATION OF THE CITY OF ST. CATHARINES**

**STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN FUND BALANCES - TRUST FUNDS**

for the year ended December 31, 2016

(In thousands of dollars)

	Total		Cemetery Perpetual Care Fund		Marker Care & Maintenance Fund		Memorial Forest	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
<b>Balance, Beginning of Year</b>	9,982	9,594	8,284	8,107	584	566	18	14
<b>Receipts</b>								
Sale of plots, crypts and markers	168	195	153	177	15	18		
Book revenue	12	10						
Interest	262	247	236	213	13	15		
Donations	188	230					1	6
	630	682	389	390	28	33	1	6
<b>Expenditures</b>								
Contribution to operating fund	282	286	236	213	13	15		2
Administration	7	4					3	
Transfer to reserves		4						
	289	294	236	213	13	15	3	2
<b>Balance, End of Year</b>	<b>10,323</b>	<b>9,982</b>	<b>8,437</b>	<b>8,284</b>	<b>599</b>	<b>584</b>	<b>16</b>	<b>18</b>

See accompanying notes

**THE CORPORATION OF THE CITY OF ST. CATHARINES**

**STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN FUND BALANCES - TRUST FUNDS**

for the year ended December 31, 2016

(In thousands of dollars)

	Library Endowment & Trust Fund	
	2016 \$	2015 \$
<b>Balance, Beginning of Year</b>	1,096	907
<b>Receipts</b>		
Sale of plots, crypts and markers		
Book revenue	12	10
Interest	13	19
Donations	187	224
	212	253
<b>Expenditures</b>		
Contribution to operating fund	33	56
Administration	4	4
Transfer to reserves		4
	37	64
<b>Balance, End of Year</b>	<b>1,271</b>	<b>1,096</b>

See accompanying notes



# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO FINANCIAL STATEMENTS - TRUST FUNDS

for the year ended December 31, 2016

---

### 1. Significant Accounting Policies

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

#### (a) Basis of accounting

- (i) Revenues 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.
- (iii) Investments are recorded at cost.

*crawford  
smith&  
swallow*

**PORT DALHOUSIE BUSINESS ASSOCIATION**

**Financial Statements**

**December 31, 2016**

**PORT DALHOUSIE BUSINESS ASSOCIATION**

**Financial Statements**

**December 31, 2016**

---

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# **PORT DALHOUSIE BUSINESS ASSOCIATION MANAGEMENT REPORT**

**December 31, 2016**

---

The accompanying financial statements of the Port Dalhousie Business Association (the "Association") are the responsibility of the Association's management and have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Association management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Association meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Crawford, Smith and Swallow Chartered Accountants LLP, independent external auditors appointed by the Association. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Association's financial statements.

  
\_\_\_\_\_  
Wolfgang Guembel  
Board Chair  
March 8, 2017

  
\_\_\_\_\_  
Joe Mederios  
Board Member  
March 8, 2017

Crawford, Smith and Swallow  
Chartered Accountants LLP

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Niagara Falls  
Fort Erie  
Niagara-on-the-Lake  
Port Colborne

## INDEPENDENT AUDITORS' REPORT

---

To the Board Members of the Port Dalhousie Business  
Association, Members of Council, Inhabitants and  
Ratepayers of The Corporation of the City of St. Catharines

We have audited the accompanying financial statements of the Port Dalhousie Business Association, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and accumulated surplus, cash flows, and change in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### *Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Port Dalhousie Business Association as at December 31, 2016, and the results of its operations, cash flows and change in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

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

St. Catharines, Ontario  
March 8, 2017

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP  
LICENSED PUBLIC ACCOUNTANTS

# PORT DALHOUSIE BUSINESS ASSOCIATION

## STATEMENT OF FINANCIAL POSITION

December 31, 2016

	2016	2015
	\$	\$
<b>Financial Assets</b>		
Cash	8,085	10,714
HST recoverable	678	1,994
Due from the City of St. Catharines	2,524	2,500
	11,287	15,208
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,100	1,100
Deferred revenue		3,778
	1,100	4,878
<b>Net Financial Assets</b>	10,187	10,330
<b>Non-Financial Assets</b>		
Tangible capital assets - note 2	4,315	6,133
Prepaid expenses	723	2,256
	5,038	8,389
<b>Accumulated Surplus - note 3</b>	<b>15,225</b>	<b>18,719</b>

Signed on behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

See accompanying notes

## PORT DALHOUSIE BUSINESS ASSOCIATION

### STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

for the year ended December 31, 2016

	(Unaudited) Budget 2016 \$	Actual 2016 \$	Actual 2015 \$
<b>Revenues</b>			
Requisition from the City of St. Catharines			
Original	10,000	10,000	10,000
Taxes written off		(2,476)	(758)
Net requisition	10,000	7,524	9,242
Grants		1,368	17,084
Haunted pub crawl			780
Interest		9	9
Membership dues			100
Miscellaneous		5	5
Sign reimbursement from the City of St. Catharines		2,500	2,500
	10,000	11,406	29,720
<b>Expenses</b>			
Amortization		1,818	1,837
Bank charges	100	80	85
Cleanup and beautification	200	366	
Dues			234
Haunted pub crawl			118
Insurance	1,500	1,276	
Internet and website	500		198
Professional fees	1,100	1,119	1,117
Promotional and advertising	3,300	5,081	9,191
Salaries		1,813	14,084
Special events	1,000	1,000	150
Streetscaping	4,000	2,347	398
Supplies	1,100		305
	12,800	14,900	27,717
<b>Annual Surplus (Deficit)</b>	(2,800)	(3,494)	2,003
<b>Accumulated Surplus, Beginning of Year</b>	18,719	18,719	16,716
<b>Accumulated Surplus, End of Year</b>	15,919	15,225	18,719

See accompanying notes



## PORT DALHOUSIE BUSINESS ASSOCIATION

### STATEMENT OF CASH FLOWS

for the year ended December 31, 2016

	2016 \$	2015 \$
<b>Operations</b>		
Annual surplus (deficit)	(3,494)	2,003
Uses		
Increase in HST recoverable		(651)
Increase in due from the City of St. Catharines	(24)	(787)
Decrease in deferred revenue	(3,778)	
	(3,802)	(1,438)
Sources		
Decrease in HST recoverable	1,316	
Increase in accounts payable and accrued liabilities		150
Increase in deferred revenue		3,778
Decrease in prepaid expenses	1,533	65
	2,849	3,993
Non-cash charges to operations		
Amortization of tangible capital assets	1,818	1,837
Net change in cash from operations	(2,629)	6,395
<b>Capital</b>		
Acquisition of tangible capital assets		(7,042)
<b>Decrease in Cash Position</b>	(2,629)	(647)
<b>Cash Position, Beginning of Year</b>	10,714	11,361
<b>Cash Position, End of Year</b>	<b>8,085</b>	<b>10,714</b>

See accompanying notes

**PORT DALHOUSIE BUSINESS ASSOCIATION**

**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

for the year ended December 31, 2016

	2016	2015
	\$	\$
<b>Annual Surplus (Deficit)</b>	(3,494)	2,003
<b>Acquisition of Tangible Capital Assets</b>		(7,042)
<b>Amortization of Tangible Capital Assets</b>	1,818	1,837
<b>Change in Prepaid Expenses</b>	1,533	65
<b>Decrease in Net Financial Assets</b>	(143)	(3,137)
<b>Net Financial Assets, Beginning of Year</b>	10,330	13,467
<b>Net Financial Assets, End of Year</b>	<b>10,187</b>	<b>10,330</b>

See accompanying notes

# PORT DALHOUSIE BUSINESS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

---

### Organization

The Port Dalhousie Business Association (the "Association"), established in 1986 pursuant to the Ontario Municipal Act, operates to revitalize and promote the Port Dalhousie business area.

### 1. Significant Accounting Policies

The financial statements of the Association are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Association are as follows:

#### Accrual accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### 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.

#### Tangible capital assets

Tangible capital assets are recorded at historical 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 services on a straight-line basis over the estimated useful life of the asset. Additions during the year are amortized from the month of acquisition. Disposals are amortized until the month of disposition. Gains and/or losses on the disposal of an asset are recorded on the statement of operations and accumulated surplus as "gain/loss on disposal of assets".

<u>Asset Class</u>	<u>Period</u>
Lights	- 5 years
Tents	- 3 years

# PORT DALHOUSIE BUSINESS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

### 1. Significant Accounting Policies - continued

#### Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards 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 reporting periods. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results.

### 2. Tangible Capital Assets

	Cost \$	Accumulated Amortization \$	2016 Net Book Value \$	2015 Net Book Value \$
Lights	3,969	1,190	2,779	3,572
Tents	3,073	1,537	1,536	2,561
	<b>7,042</b>	<b>2,727</b>	<b>4,315</b>	<b>6,133</b>

### 3. Accumulated Surplus

	2016 \$	2015 \$
Invested in tangible capital assets	4,315	6,133
Operating fund		
Reserve fund - contemporary and heritage	10,910	12,586
	<b>15,225</b>	<b>18,719</b>

### 4. Reserve Funds

#### Contemporary and Heritage Reserve Fund

The contemporary and heritage reserve fund is used to accumulate donation and fundraising revenues for the funding of special projects as determined by the Association.

### 5. Related Party Transactions

Accounts receivable includes \$ 2,524 (2015 - \$ 2,500) due from the City of St. Catharines.

Deferred income includes \$ nil (2015 - \$ 2,500) received from the City of St. Catharines as a contribution towards the cost of highway signage advertising.

Promotional and advertising expenses include \$ nil (2015 - \$ 1,547) in costs paid to the City of St. Catharines for advertising in the annual City Guide.

*crawford  
smith@  
swallow*

**ST. CATHARINES DOWNTOWN  
ASSOCIATION**

**Financial Statements**

**December 31, 2016**



## **ST. CATHARINES DOWNTOWN ASSOCIATION**

### **Financial Statements**

**December 31, 2016**

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# ST. CATHARINES DOWNTOWN ASSOCIATION

## MANAGEMENT REPORT

December 31, 2016

---

The accompanying financial statements of the St. Catharines Downtown Association (the "Association") are the responsibility of the Association's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Association management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Association meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Crawford, Smith and Swallow Chartered Accountants LLP, independent external auditors appointed by the Association. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Association's financial statements.



Board Chair  
February 13, 2017



Board Member  
February 13, 2017

Crawford, Smith and Swallow  
Chartered Accountants LLP

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Port Colborne

**crawford  
smith@  
swallow**

## INDEPENDENT AUDITORS' REPORT

---

To the Board Members of the St. Catharines Downtown  
Association, Members of Council, Inhabitants and  
Ratepayers of The Corporation of the City of St. Catharines

We have audited the accompanying financial statements of the St. Catharines Downtown Association, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and accumulated surplus, cash flows and change in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### *Auditors' Responsibility*

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

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



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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the St. Catharines Downtown Association as at December 31, 2016, and the results of its operations, cash flows and change in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.



St. Catharines, Ontario  
February 13, 2017

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP  
LICENSED PUBLIC ACCOUNTANTS

**ST. CATHARINES DOWNTOWN ASSOCIATION**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2016

	2016 \$	2015 \$
<b>Financial Assets - note 6</b>		
Cash	38,136	35,587
Accounts receivable - note 8	89,490	63,152
	127,626	98,739
<b>Liabilities</b>		
Accounts payable and accrued liabilities - note 8	26,575	13,486
Provision for redemption of parking tokens - note 2	8,448	8,348
	35,023	21,834
<b>Net Financial Assets</b>	92,603	76,905
<b>Non-Financial Assets</b>		
Prepaid expenses	15,822	13,471
Tangible capital assets - notes 3 and 6	15,614	30,046
	31,436	43,517
<b>Accumulated Surplus - note 5</b>	<b>124,039</b>	<b>120,422</b>

Signed on behalf of the Board

 Director

 Director

See accompanying notes

## ST. CATHARINES DOWNTOWN ASSOCIATION

### STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

for the year ended December 31, 2016

	(Unaudited) Budget 2016 \$	Actual 2016 \$	Actual 2015 \$
<b>Revenues</b>			
Requisition from the City of St. Catharines			
Member levies	384,431	384,431	384,431
Supplemental taxes		7,199	4,592
Taxes written-off	(8,090)	(44,076)	(28,828)
Net requisition	376,341	347,554	360,195
Other recoveries from the City of St. Catharines			
Graffiti cleanup funding			8,486
Recovery of Christmas expenses		10,000	9,900
Total revenues from the City of St. Catharines	376,341	357,554	378,581
Other revenues			
Events - schedule 1		5,397	8,550
	376,341	362,951	387,131
<b>Expenses - schedule 2</b>			
Administration	164,400	155,908	158,006
Amortization		14,432	23,036
Development	46,300	34,603	40,777
Events	44,200	49,133	61,060
Media and visual marketing	115,350	96,453	114,143
Tourism	10,500	8,805	8,267
	380,750	359,334	405,289
<b>Annual Surplus (Deficit)</b>	(4,409)	3,617	(18,158)
<b>Accumulated Surplus, Beginning of Year</b>	120,422	120,422	138,580
<b>Accumulated Surplus, End of Year</b>	<b>116,013</b>	<b>124,039</b>	<b>120,422</b>

See accompanying notes

## ST. CATHARINES DOWNTOWN ASSOCIATION

### STATEMENT OF CASH FLOWS

for the year ended December 31, 2016

	2016 \$	2015 \$
<b>Operations</b>		
Annual surplus (deficit)	3,617	(18,158)
<b>Uses</b>		
Increase in accounts receivable	(26,338)	
Increase in prepaid expenses	(2,351)	(1,335)
Decrease in accounts payable and accrued liabilities		(4,085)
Decrease in provision for redemption of parking tokens		(468)
Decrease in bank indebtedness		(41,809)
Decrease in bank loan		(3,000)
	(28,689)	(50,697)
<b>Sources</b>		
Decrease in accounts receivable		87,663
Increase in accounts payable and accrued liabilities	13,089	
Increase in provision for redemption of parking tokens	100	
	13,189	87,663
<b>Non-cash charges to operations</b>		
Amortization of tangible capital assets	14,432	23,036
Net change in cash from operations	2,549	41,844
<b>Capital</b>		
Acquisition of tangible capital assets		(6,690)
<b>Increase in Cash Position</b>	2,549	35,154
<b>Cash Position, Beginning of Year</b>	35,587	433
<b>Cash Position, End of Year</b>	38,136	35,587

See accompanying notes

**ST. CATHARINES DOWNTOWN ASSOCIATION**

**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

for the year ended December 31, 2016

	2016	2015
	\$	\$
<b>Annual Surplus (Deficit)</b>	3,617	(18,158)
<b>Acquisition of Tangible Capital Assets</b>		(6,690)
<b>Amortization of Tangible Capital Assets</b>	14,432	23,036
<b>Change in Prepaid Expenses</b>	(2,351)	(1,335)
<b>Increase (Decrease) in Net Financial Assets</b>	15,698	(3,147)
<b>Net Financial Assets, Beginning of Year</b>	76,905	80,052
<b>Net Financial Assets, End of Year</b>	92,603	76,905

See accompanying notes

# ST. CATHARINES DOWNTOWN ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

---

### Organization

The St. Catharines Downtown Association (the "Association"), established in 1973 pursuant to the Ontario Municipal Act, operates to develop and revitalize the downtown core of St. Catharines. The Association participates in programs aimed at the physical improvement and beautification of the area, as well as the promotion of businesses located in the downtown core.

### 1. Significant Accounting Policies

The financial statements of the Association are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Association are as follows:

#### Accrual accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### Revenue recognition

Revenue from member levies is recognized as income when they become available and measurable.

#### 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.

#### Tangible capital assets

Tangible capital assets are recorded at historical 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 services on a straight-line basis over the estimated useful life of the asset. Additions during the year are amortized from the month of acquisition. Disposals are amortized until the month of disposition. Gains and/or losses on the disposal of an asset are recorded on the statement of operations and accumulated surplus as "gain/loss on disposal of assets".

# ST. CATHARINES DOWNTOWN ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

---

### 1. Significant Accounting Policies - continued

Tangible capital assets - continued

<u>Asset Class</u>	<u>Rate</u>
Banners	- 3 years
Garbage receptacles	- 10 years
Holiday decor	- 5 years
Kiosks	- 20 years

Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards 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 reporting periods. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results.

### 2. Parking Tokens

The provision for redemption of parking tokens of \$ 8,448 (2015 - \$ 8,348) represents the estimated value of parking tokens in the hands of merchants and their customers.

### 3. Tangible Capital Assets

	Cost	Accumulated Amortization	2016	2015
	\$	\$	\$	\$
Banners	35,363	35,363		5,893
Garbage receptacles	12,818	7,444	5,374	6,656
Holiday decor	31,784	21,857	9,927	15,765
Kiosks	44,594	44,281	313	1,732
	<b>124,559</b>	<b>108,945</b>	<b>15,614</b>	<b>30,046</b>

---

### 4. Reserve Fund

The reserve fund is used to fund expenses, normally of a capital nature, that are approved by the Association. It is the policy of the Association that the operating fund net revenue or deficit for the year be transferred to or from the reserve fund.

# ST. CATHARINES DOWNTOWN ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

### 5. Accumulated Surplus

	2016	2015
	\$	\$
Invested in tangible capital assets	15,614	30,046
Operating fund		
Reserve fund	108,425	90,376
	<b>124,039</b>	<b>120,422</b>

### 6. Bank Indebtedness

Bank indebtedness, as it may occur, is secured by a registered general security agreement. The maximum line of credit available to the Association is \$ 20,000, which bears interest at prime plus 2.5%. As at December 31, 2016, the amount drawn from the line of credit was \$ nil (2015 - \$ nil).

### 7. Lease Commitments

The Association is currently committed to minimum monthly office lease payments in the amount of \$ 1,200 for a five-year period ending July 15, 2017.

In addition, the Association has committed to the following annual maintenance contract payments for the installation, maintenance, and storage of Christmas decorations for the next year:

	\$
2017	12,110

The Association is also committed to the following annual minimum lease payments for the rental of equipment for the next five years:

	\$
2017	6,148
2018	6,148
2019	6,148
2020	6,148
2021	6,148

### 8. Related Party Transactions

Accounts receivable includes \$ 75,224 (2015 - \$ 34,178) due from the City of St. Catharines. Accounts payable and accrued liabilities includes \$ 112 (2015 - \$ 135) due to the City of St. Catharines.



**ST. CATHARINES DOWNTOWN ASSOCIATION**

**SCHEDULE OF REVENUES**

for the year ended December 31, 2016

**Schedule 1**

---

	(Unaudited) Budget 2016 \$	Actual 2016 \$	Actual 2015 \$
<b>Events</b>			
Classic Car Show		1,811	4,569
Historical ghost walking tours		3,586	3,981
		<b>5,397</b>	<b>8,550</b>

---

See accompanying notes

# ST. CATHARINES DOWNTOWN ASSOCIATION

## SCHEDULE OF EXPENSES

Schedule 2

for the year ended December 31, 2016

	(Unaudited) Budget 2016 \$	Actual 2016 \$	Actual 2015 \$
<b>Administration</b>			
Bad debts			2,885
Banking charges		1,028	1,130
Communications equipment	11,000	8,924	9,831
Insurance	1,100	1,066	1,039
Professional fees	6,500	5,088	5,056
Rent	14,700	14,653	14,653
Salaries and payroll taxes	127,500	121,732	119,422
Supplies	3,600	3,417	3,990
	<b>164,400</b>	<b>155,908</b>	<b>158,006</b>
<b>Amortization</b>			
Banners		5,893	11,788
Computers			137
Garbage receptacles		1,282	1,282
Holiday decor		5,838	7,599
Kiosks		1,419	2,230
		<b>14,432</b>	<b>23,036</b>
<b>Development</b>			
Annual general meeting	1,500	1,308	1,607
Business development program	1,300	1,566	1,307
Committee/board/staff development	6,500	3,487	9,571
Development/revitalization	1,000		649
Membership/resources	5,000	7,792	1,533
Newsletter/supplements	500	894	569
Safety	30,000	19,078	25,144
Website	500	478	397
	<b>46,300</b>	<b>34,603</b>	<b>40,777</b>

See accompanying notes

**ST. CATHARINES DOWNTOWN ASSOCIATION****SCHEDULE OF EXPENSES**

Schedule 2 - continued

for the year ended December 31, 2016

	(Unaudited) Budget 2016 \$	Actual 2016 \$	Actual 2015 \$
<b>Events</b>			
Christmas	15,000	19,731	24,381
Classic Car Show	17,000	16,261	21,940
Downtown D'Lish	12,000	11,188	13,154
Historical ghost walking tours	200	1,953	1,585
	<b>44,200</b>	<b>49,133</b>	<b>61,060</b>
<b>Media and Visual Marketing</b>			
Beautification/maintenance/identification	17,350	19,290	28,789
General Marketing	60,000	50,331	58,191
Kiosks	1,000	230	37
Marketing campaign	25,000	23,961	21,519
Mini-lights	8,000	641	1,572
Sponsorship	4,000	2,000	4,035
	<b>115,350</b>	<b>96,453</b>	<b>114,143</b>
<b>Tourism</b>			
Advertising	<b>10,500</b>	<b>8,805</b>	<b>8,267</b>

See accompanying notes

*crawford  
smith &  
swallow*

**ST. CATHARINES PUBLIC LIBRARY BOARD**

**Financial Statements**

**December 31, 2016**



## **ST. CATHARINES PUBLIC LIBRARY BOARD**

### **Financial Statements**

**December 31, 2016**

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# ST. CATHARINES PUBLIC LIBRARY BOARD

## MANAGEMENT REPORT

December 31, 2016

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The accompanying financial statements of the St. Catharines Public Library Board (the "Board") are the responsibility of the Board's management and have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Crawford, Smith and Swallow Chartered Accountants LLP, independent external auditors appointed by the Board. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.



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Les McDonald  
Board Chair  
April 18, 2017



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Jack Foster  
Business Administrator  
April 18, 2017

Crawford, Smith and Swallow  
Chartered Accountants LLP

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St. Catharines, Ontario  
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Offices in:  
St. Catharines  
Niagara Falls  
Fort Erie  
Niagara-on-the-Lake  
Port Colborne

## INDEPENDENT AUDITORS' REPORT

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To the Board Members of the St. Catharines Public Library Board,  
Members of Council, Inhabitants and Ratepayers of  
The Corporation of the City of St. Catharines

We have audited the accompanying financial statements of the St. Catharines Public Library Board, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and accumulated surplus, cash flows and change in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### *Auditors' Responsibility*

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

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

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

*Basis for Qualified Opinion*

The Board derives part of its revenue from the general public in the form of donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Board and we were not able to determine whether any adjustments might be necessary to donations revenue, trust funds, annual surplus, cash flows from operations, and change in net financial assets for the year ended December 31, 2016, and assets and accumulated surplus as at December 31, 2016. Our audit opinion on the financial statements for the year ended December 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the St. Catharines Public Library Board as at December 31, 2016, and the results of its operations, cash flows and change in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.



St. Catharines, Ontario  
April 18, 2017

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP  
LICENSED PUBLIC ACCOUNTANTS



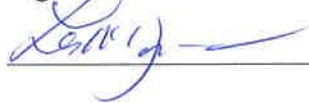
**ST. CATHARINES PUBLIC LIBRARY BOARD**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2016

	2016 \$	2015 \$
<b>Financial Assets</b>		
Cash - note 2	4,338,149	3,790,748
Investments - note 3	1,487,952	1,133,830
Accounts receivable	33,656	292,779
	5,859,757	5,217,357
<b>Liabilities</b>		
Accounts payable and accrued liabilities	338,941	323,912
Deferred income	56,269	56,267
Post-employment benefits - note 4	371,247	380,875
Long-term liabilities - note 5	1,297,208	1,367,093
	2,063,665	2,128,147
<b>Net Financial Assets</b>	3,796,092	3,089,210
<b>Non-Financial Assets</b>		
Tangible capital assets - schedule 1	7,831,225	7,891,819
Prepaid expenses	2,223	31,603
	7,833,448	7,923,422
<b>Accumulated Surplus - note 6</b>	<b>11,629,540</b>	<b>11,012,632</b>

Signed on behalf of the Board:



Board Chair

Director

See accompanying notes

**ST. CATHARINES PUBLIC LIBRARY BOARD**

**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

for the year ended December 31, 2016

	(Unaudited)		
	Budget	Actual	Actual
	2016	2016	2015
	\$	\$	\$
<b>Revenues</b>			
Municipal contribution -			
City of St. Catharines	5,572,035	5,572,035	5,488,825
Province of Ontario regular grant	228,600	228,616	228,616
Special grants		26,134	28,805
Other - schedule 3	171,600	382,706	426,546
	5,972,235	6,209,491	6,172,792
<b>Expenses</b>			
Salaries, wages and payroll taxes - schedule 4	4,102,900	3,680,803	3,553,386
Library materials - schedule 4	244,700	228,396	212,997
Occupancy - schedule 4	553,200	474,539	481,903
General and administration - schedule 4	271,150	241,972	241,415
Interest		56,098	58,696
Amortization		910,775	896,217
	5,171,950	5,592,583	5,444,614
<b>Annual Surplus</b>	800,285	616,908	728,178
<b>Accumulated Surplus, Beginning of Year</b>	11,012,632	11,012,632	10,284,454
<b>Accumulated Surplus, End of Year</b>	<b>11,812,917</b>	<b>11,629,540</b>	<b>11,012,632</b>

See accompanying notes

## ST. CATHARINES PUBLIC LIBRARY BOARD

### STATEMENT OF CASH FLOWS

for the year ended December 31, 2016

	2016 \$	2015 \$
<b>Operations</b>		
Annual surplus	616,908	728,178
Uses		
Increase in accounts receivable		(240,126)
Decrease in accounts payable and accrued liabilities		(87,325)
Decrease in post-employment benefits	(9,628)	
	(9,628)	(327,451)
Sources		
Decrease in accounts receivable	259,123	
Decrease in prepaid expenses	29,380	5,562
Increase in accounts payable and accrued liabilities	15,029	
Increase in deferred income	2	13,867
Increase in post-employment benefits		6,967
	303,534	26,396
Non-cash charges to operations		
Amortization of tangible capital assets	910,775	896,217
Net change in cash from operations	1,821,589	1,323,340
<b>Investing</b>		
Increase in investments	(354,122)	(33,638)
<b>Capital</b>		
Acquisition of tangible capital assets	(850,181)	(943,824)
<b>Financing</b>		
Long-term debt repaid	(69,885)	(67,303)
<b>Increase in Cash Position</b>	547,401	278,575
<b>Cash Position, Beginning of Year</b>	3,790,748	3,512,173
<b>Cash Position, End of Year</b>	4,338,149	3,790,748

See accompanying notes

## ST. CATHARINES PUBLIC LIBRARY BOARD

### STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

for the year ended December 31, 2016

	2016	2015
	\$	\$
<b>Annual Surplus</b>	616,908	728,178
<b>Acquisition of Tangible Capital Assets</b>	(850,181)	(943,824)
<b>Amortization of Tangible Capital Assets</b>	910,775	896,217
<b>Change in Prepaid Expenses</b>	29,380	5,562
<b>Increase in Net Financial Assets</b>	706,882	686,133
<b>Net Financial Assets, Beginning of Year</b>	3,089,210	2,403,077
<b>Net Financial Assets, End of Year</b>	<b>3,796,092</b>	<b>3,089,210</b>

See accompanying notes

# ST. CATHARINES PUBLIC LIBRARY BOARD

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

---

### Organization

The St. Catharines Public Library Board (the "Board") was established in January, 1888 pursuant to City of St. Catharines By-law #615 and operates four branches within St. Catharines, Ontario. The branches are known as Dr. Huq Family, William Hamilton Merritt, Centennial and Port Dalhousie.

### 1. Significant Accounting Policies

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

#### Accrual accounting

The accrual method of reporting revenue and expenses has been used.

#### Investments

Investments are carried at fair market value.

#### 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.

#### Tangible capital assets

Tangible capital assets are recorded at historical 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 services on a straight-line basis over the estimated useful life of the asset. Additions during the year are amortized from the month of acquisition. Disposals are amortized until the month of disposition. Gains and/or losses on the disposal of an asset are recorded on the statement of operations and accumulated surplus as "gain/loss on disposal of assets".

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

<u>Asset Class</u>	<u>Period</u>
Buildings	- 25-100 years
Building improvements	- 10-50 years
Collection	- 7 years
Furniture and equipment	- 3-100 years
Information technology	- 3-15 years

# ST. CATHARINES PUBLIC LIBRARY BOARD

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

---

### 1. Significant Accounting Policies - continued

#### Subscriptions

Subscription services expenditures are considered to be incurred when paid or payable.

#### Deferred revenue

Funds received for specific purposes are accounted for as deferred income until the Board discharges the obligation which lead to the receipt of the funds.

#### Post-employment benefits

The Board pays certain medical, dental and life insurance benefits on behalf of its retired employees. The Board recognizes these post-retirement costs in the period in which the employees render their services. See note 4.

#### Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards 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 reporting periods. Actual results could differ from those estimates.

### 2. Cash

The total balance of cash is comprised of the following:

	2016 \$	2015 \$
Cash - operating	4,288,683	3,541,187
Cash - trust funds	49,466	249,561
	<b>4,338,149</b>	<b>3,790,748</b>

---

### 3. Investments

The total balance of investments is comprised of the following:

	2016 \$	2015 \$
Investments - operating fund	233,452	230,997
Investments - trust funds	1,254,500	902,833
	<b>1,487,952</b>	<b>1,133,830</b>

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# ST. CATHARINES PUBLIC LIBRARY BOARD

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

### 4. Post-Employment Benefits

	2016	2015
	\$	\$
Vacation pay	46,719	45,505
Post-retirement benefits	324,528	335,370
	<b>371,247</b>	<b>380,875</b>

#### Vacation Pay

As at December 31, 2016, employees of the St. Catharines Public Library Board have accumulated vacation credits in the amount of \$ 46,719 (2015 - \$ 45,505). These credits must be used within the next fiscal year.

#### Post-Retirement Benefits

The St. Catharines Public Library Board pays certain medical, dental and life insurance benefits on behalf of its retired employees. The accrued benefit liability was determined by actuarial valuation using a discount of 3.50% (2015 - 4.25%).

#### Defined Benefit Plan Information

	2016	2015
	\$	\$
Employee benefit plan assets		
Employee benefit plan liabilities	324,528	335,370
Employee benefit plan deficit	<b>324,528</b>	<b>335,370</b>

	2016	2015
	\$	\$
Accrued benefit obligation, beginning of year	335,370	330,258
Expense for the year	16,406	22,398
Amortization of actuarial gain	(13,310)	(2,606)
Benefits paid during the year	(13,938)	(14,680)
Accrued benefit obligation, end of year	<b>324,528</b>	<b>335,370</b>

As a result of an actuarial valuation conducted in 2017 for the year ending December 31, 2016, it was determined that an actuarial gain of \$ 146,405 existed. This amount is being amortized over the expected average remaining service life of the employee group, which in this case, is 11 years or \$ 13,310 per annum. The unamortized value remaining is \$ 133,095. The actual obligation is \$ 191,433.

**ST. CATHARINES PUBLIC LIBRARY BOARD**

**NOTES TO FINANCIAL STATEMENTS**

for the year ended December 31, 2016

**4. Post-Employment Benefits - continued**

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

**General Inflation** - Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% in 2016 and thereafter.

**Salary Levels** - Future salary and wage levels were assumed to increase at 2.0% per annum for the year 2016 and thereafter.

**Medical Costs** - Medical costs were assumed to increase at a rate of 6.40%, graded down to 6.20% in 2017, 5.99% in 2018, 5.78% in 2019, 5.56% in 2020, 5.35% in 2021, 5.14% in 2022, 4.93% in 2023, 4.71% in 2024, and 4.50% in 2025 and each year thereafter.

**Dental Costs** - Dental costs were assumed to increase at a rate of 4.50% in 2016 and each year thereafter.

**5. Long-Term Liabilities**

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

	2016 \$	2015 \$
Long-term liabilities incurred by the Board which bear interest at 3.8%	<b>1,297,208</b>	<b>1,367,093</b>

(b) Principal payments due over the next five years and thereafter are as follows:

	\$
2017	72,566
2018	75,349
2019	78,240
2020	81,241
2021	84,357
Thereafter	905,455

(c) Interest expense on long-term liabilities amounted to \$ 56,098 (2015 - \$ 58,696) for the year.



# ST. CATHARINES PUBLIC LIBRARY BOARD

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

### 6. Accumulated Surplus

	2016 \$	2015 \$
Invested in tangible capital assets	7,831,225	7,891,819
Operating fund	80,000	90,000
Reserve funds	4,115,788	3,682,889
Trust funds - schedule 2		
Architects	760	759
Endowment and trust	1,270,222	1,095,133
	1,270,982	1,095,892
Amount to be recovered - post-employment benefits	(371,247)	(380,875)
Amount to be recovered - long-term liabilities	(1,297,208)	(1,367,093)
	<b>11,629,540</b>	<b>11,012,632</b>

### 7. Trust Funds

#### Architects fund

This fund has been allocated for the purchase of architectural material through an agreement with the Niagara Society of Architects. The funds along with accumulated interest are maintained in a separate bank account at the TD Canada Trust.

#### Endowment and trust fund

This fund has been allocated by the Board for the future improvement of collections and access to collections, provision of library support programs and purchase of equipment, furniture and such other capital projects to improve library service above and beyond that normally funded by provincial or municipal funds. These funds along with accumulated interest and donations are held in a separate bank account at TD Canada Trust and in an investment account at Scotia McLeod.

# ST. CATHARINES PUBLIC LIBRARY BOARD

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

---

### 8. Long-Term Leases

#### Dr. Huq Family Library Branch

During the year, the Board formally signed a lease agreement with the Corporation of the City of St. Catharines, for a nominal annual amount, with the lease term expiring June 30, 2032.

#### William Hamilton Merritt Branch

The Board is currently committed to the following minimum lease payments for next five years:

	\$
2017	41,086
2018	41,086
2019	41,086
2020	41,086
2021	10,271

The Board is also obligated to pay a proportionate share of operating costs and property taxes.

#### Centennial Public Library

The lease with the City of St. Catharines, for a nominal amount, expires December 31, 2017.

#### Port Dalhousie Branch

Rent is paid on a yearly basis to the City of St. Catharines in the amount of \$ 600 with no set date of expiry.

# ST. CATHARINES PUBLIC LIBRARY BOARD

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

---

### 9. Pension Agreements

The Board makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 51 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 440,000 active and retired members and approximately 1,000 employees.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Service does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2016 was \$ 196,039 (2015 - \$ 176,279) for current service and is included as an expenditure in the statement of operations and accumulated surplus.

On January 1, 2016, the yearly maximum pension earnings increased to \$ 54,900 from \$ 53,600 in 2015. The contributions are calculated at a rate of 9% (2015 - 9%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2015 - 14.6%) for amounts above the yearly maximum pension earnings.

### 10. Economic Dependence

The Board receives a significant portion of its revenues for operations from the following sources:

City of St. Catharines  
Province of Ontario

### 11. Related Party Transactions

As a formal Board established by city by-laws with Council representation, the Board and the Corporation of the City of St. Catharines ("the City") are considered related parties.

In addition to the rent and lease amounts relating to the specific branch locations, noted above, the City charged the Board \$ 9,720 (2015 - \$ 9,720) for data processing services.

Included in accounts receivable and accounts payable is \$ nil and \$ 67,543 respectively, (2015 - \$ nil and \$ 41,042) due from and to the Corporation of the City of St. Catharines.

**ST. CATHARINES PUBLIC LIBRARY BOARD**

**SCHEDULE OF TANGIBLE CAPITAL ASSETS**

for the year ended December 31, 2016

**Schedule 1**

	Cost			Accumulated Amortization				Net Book Value
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, Beginning of Year	Amortization	Disposals	
	\$	\$	\$	\$	\$	\$	\$	\$
Land	25,138			25,138				25,138
Buildings	7,128,200			7,128,200	2,745,683	87,866		2,833,549
Building improvements	500,145	18,344		518,489	55,509	20,358		75,867
Collection	5,045,868	742,095	744,370	5,043,593	2,535,466	720,676	744,370	2,511,772
Furniture and equipment	696,002	45,071		741,073	285,456	34,767		320,223
IT equipment	616,069	44,671	105,995	554,745	497,489	47,108	105,995	438,602
<b>December 31, 2016</b>	<b>14,011,422</b>	<b>850,181</b>	<b>850,365</b>	<b>14,011,238</b>	<b>6,119,603</b>	<b>910,775</b>	<b>850,365</b>	<b>6,180,013</b>
Land	25,138			25,138				25,138
Buildings	7,128,200			7,128,200	2,657,817	87,866		2,745,683
Building improvements	427,867	72,278		500,145	38,578	16,931		55,509
Collection	4,997,105	730,103	681,340	5,045,868	2,499,451	717,355	681,340	2,535,466
Furniture and equipment	594,081	101,921		696,002	256,165	29,291		285,456
IT equipment	589,925	39,522	13,378	616,069	466,093	44,774	13,378	497,489
<b>December 31, 2015</b>	<b>13,762,316</b>	<b>943,824</b>	<b>694,718</b>	<b>14,011,422</b>	<b>5,918,104</b>	<b>896,217</b>	<b>694,718</b>	<b>6,119,603</b>

See accompanying notes

**ST. CATHARINES PUBLIC LIBRARY BOARD**

**SCHEDULE OF TRUST FUND ACTIVITIES**

**Schedule 2**

for the year ended December 31, 2016

	Architects Fund \$	Endowment and Trust Fund \$	2016 Total \$	2015 Total \$
<b>Revenues</b>				
Book revenue		11,927	11,927	9,899
Donations		186,924	186,924	224,159
Interest	1	13,223	13,224	19,115
	1	212,074	212,075	253,173
<b>Expenditures</b>				
Library materials		4,000	4,000	4,000
<b>Net Revenues</b>	1	208,074	208,075	249,173
<b>Financing and Transfers</b>				
Transfers to operating fund		(32,985)	(32,985)	(56,503)
Transfers to reserves				(3,757)
<b>Net Change in Trust Fund</b>	1	175,089	175,090	188,913
<b>Trust Fund, Beginning of Year</b>	759	1,095,133	1,095,892	906,979
<b>Trust Fund, End of Year</b>	760	1,270,222	1,270,982	1,095,892

See accompanying notes

**ST. CATHARINES PUBLIC LIBRARY BOARD**

**SCHEDULE OF OTHER REVENUE**

**Schedule 3**

for the year ended December 31, 2016

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	(Unaudited)		
	Budget	Actual	Actual
	2016	2016	2015
	\$	\$	\$
Fines and memberships	97,000	89,876	94,122
Interest	27,500	47,373	54,871
Photocopying	4,600	4,282	4,178
Programming fees	8,400	9,434	7,727
Sundry	34,100	32,890	31,590
Donations		186,924	224,159
Book revenue		11,927	9,899
	<b>171,600</b>	<b>382,706</b>	<b>426,546</b>

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See accompanying notes

# ST. CATHARINES PUBLIC LIBRARY BOARD

## SCHEDULE OF EXPENSES

Schedule 4

for the year ended December 31, 2016

	(Unaudited) Budget 2016 \$	Actual 2016 \$	Actual 2015 \$
<b>Salaries, Wages and Payroll Taxes</b>			
Library and clerical	3,229,254	2,908,902	2,816,418
Maintenance	184,762	158,705	153,833
Payroll taxes	688,884	613,196	583,135
	<b>4,102,900</b>	<b>3,680,803</b>	<b>3,553,386</b>
<b>Library Materials</b>			
Audio	41,300	37,229	42,362
Binding	5,200	3,442	4,728
Microfilm	10,000	9,629	10,898
Periodicals	165,200	156,103	133,133
Processing	23,000	21,993	21,876
	<b>244,700</b>	<b>228,396</b>	<b>212,997</b>
<b>Occupancy</b>			
Communications	39,000	36,331	36,331
Insurance	30,500	28,595	28,478
Rent and taxes	125,200	69,022	78,699
Repairs and maintenance	138,100	133,280	128,114
Security	15,000	15,000	15,250
Utilities	205,400	192,311	195,031
	<b>553,200</b>	<b>474,539</b>	<b>481,903</b>
<b>General and Administration</b>			
Audio visual supplies	4,200	3,094	1,834
Data processing	10,200	9,720	9,720
Equipment rental	9,400	8,910	9,338
Equipment repairs and maintenance	111,000	95,503	93,145
Library supplies	41,000	38,995	34,606
Printing and stationary	2,800	692	692
Professional fees	26,000	28,760	36,176
Programming	9,100	8,719	6,086
Sundry	14,200	13,385	11,355
Training and development	15,750	10,409	12,892
Transportation and postage	27,500	23,785	25,571
	<b>271,150</b>	<b>241,972</b>	<b>241,415</b>

See accompanying notes

***crawford  
smith@  
swallow***

**ST. CATHARINES TRANSIT COMMISSION**

**Financial Statements**

**December 31, 2016**



**ST. CATHARINES TRANSIT COMMISSION**

**Financial Statements**

**December 31, 2016**

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## ST. CATHARINES TRANSIT COMMISSION

### MANAGEMENT REPORT

**December 31, 2016**

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The accompanying financial statements of the St. Catharines Transit Commission (the "Service") are the responsibility of the Service's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the financial statements.


The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Service management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Service meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Crawford, Smith and Swallow Chartered Accountants LLP, independent external auditors appointed by the Service. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Service's financial statements.

  
\_\_\_\_\_  
Chair  
Richard Werner  
June 22, 2017

  
\_\_\_\_\_  
General Manager  
David Sherlock  
June 22, 2017

Crawford, Smith and Swallow  
Chartered Accountants LLP

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**crawford  
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swallow**

Offices in:  
St. Catharines  
Niagara Falls  
Fort Erie  
Niagara-on-the-Lake  
Port Colborne

## INDEPENDENT AUDITORS' REPORT

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To the Commissioners of the St. Catharines Transit Commission,  
Members of Council, Inhabitants and Ratepayers of  
The Corporation of the City of St. Catharines

We have audited the accompanying financial statements of St. Catharines Transit Commission, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and accumulated surplus, cash flows, and change in net financial liabilities for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### *Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. Catharines Transit Commission as at December 31, 2016, and the results of its operations, cash flows and change in net financial liabilities for the year then ended in accordance with Canadian public sector accounting standards.



St. Catharines, Ontario  
June 22, 2017

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP  
LICENSED PUBLIC ACCOUNTANTS



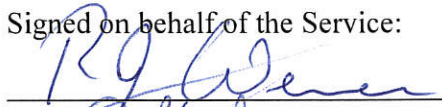

# ST. CATHARINES TRANSIT COMMISSION

## STATEMENT OF FINANCIAL POSITION

December 31, 2016

	2016 \$	2015 \$
<b>Financial Assets</b>		
Cash	699,558	749,714
Accounts receivable	768,063	927,198
	1,467,621	1,676,912
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,004,510	837,465
Deferred income	467,390	516,931
Due to City of St. Catharines - note 4	507,521	988,324
Employee future benefits - note 2	2,056,302	1,754,168
	4,035,723	4,096,888
<b>Net Financial Liabilities</b>	<b>(2,568,102)</b>	<b>(2,419,976)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets - schedule 1	24,998,427	25,673,689
Inventories	685,008	722,847
Prepaid expenses	165,044	194,193
	25,848,479	26,590,729
<b>Accumulated Surplus - note 3</b>	<b>23,280,377</b>	<b>24,170,753</b>

Signed on behalf of the Service:

 Chairman  
 Member

See accompanying notes

## ST. CATHARINES TRANSIT COMMISSION

### STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

for the year ended December 31, 2016

	(Unaudited) Budget 2016 \$	Actual 2016 \$	Actual 2015 \$
<b>Revenues</b>			
Municipal contribution -			
City of St. Catharines	10,024,142	13,234,946	13,234,995
Conventional farebox income	9,258,404	9,092,727	8,799,581
Paratransit farebox income	95,720	92,635	93,783
Thorold service municipal contribution	643,560	643,569	624,824
Thorold Paratransit contract services	80,000	87,150	66,787
Intown charters	40,000	50,309	70,806
School Board farecard income	110,000	91,945	111,205
Downtown terminal	228,492	234,488	137,573
Inter-municipal transit contract	905,280	1,058,850	906,123
Bus advertising	110,000	110,000	110,000
Shelter advertising	92,200	130,881	97,963
Other income	34,632	61,521	188,585
Paratransit donations		4,900	10,900
Paratransit interest		402	437
	21,622,430	24,894,323	24,453,562
<b>Expenses</b>			
Transportation - schedule 2	9,954,908	10,160,386	9,671,092
Fuel - schedule 2	2,599,686	2,042,419	2,465,926
Equipment and vehicle maintenance - schedule 2	3,624,435	4,203,827	3,876,761
Premises and plant - schedule 2	599,742	661,260	784,916
Downtown terminal - schedule 2	513,856	455,609	315,583
General and administration - schedule 2	2,855,975	3,142,583	2,764,140
Paratransit operating- schedule 2	1,273,007	1,297,182	1,240,569
Paratransit taxi contract	94,525	113,112	93,332
Thorold Paratransit services	106,296	87,150	67,227
Amortization		3,621,171	3,503,606
Loss on disposal of tangible capital assets			1,461
	21,622,430	25,784,699	24,784,613
<b>Annual Deficit</b>		(890,376)	(331,051)
<b>Accumulated Surplus, Beginning of Year</b>	24,170,753	24,170,753	24,501,804
<b>Accumulated Surplus, End of Year</b>	<b>24,170,753</b>	<b>23,280,377</b>	<b>24,170,753</b>

See accompanying notes

## ST. CATHARINES TRANSIT COMMISSION

### STATEMENT OF CASH FLOWS

for the year ended December 31, 2016

	2016 \$	2015 \$
<b>Operations</b>		
Annual deficit	(890,376)	(331,051)
Uses		
Increase in accounts receivable		(315,194)
Increase in inventories		(147,739)
Increase in prepaid expenses		(82,688)
Decrease in accounts payable and accrued liabilities		(108,151)
Decrease in deferred income	(49,541)	
Decrease in due to City of St. Catharines	(480,803)	
	(530,344)	(653,772)
Sources		
Decrease in accounts receivable	159,135	
Decrease in inventories	37,839	
Decrease in prepaid expenses	29,149	
Increase in accounts payable and accrued liabilities	167,045	
Increase in deferred income		454,843
Increase in due to City of St. Catharines		692,389
Increase in employee future benefits	302,134	43,012
	695,302	1,190,244
Non-cash charges to operations		
Amortization of tangible capital assets	3,621,171	3,503,606
Loss on disposal of tangible capital assets		1,461
	3,621,171	3,505,067
Net change in cash from operations	2,895,753	3,710,488
<b>Capital</b>		
Acquisition of tangible capital assets	(2,945,909)	(3,280,499)
<b>Increase (Decrease) in Cash Position</b>	(50,156)	429,989
<b>Cash Position, Beginning of Year</b>	749,714	319,725
<b>Cash Position, End of Year</b>	<b>699,558</b>	<b>749,714</b>

See accompanying notes



## ST. CATHARINES TRANSIT COMMISSION

### STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

for the year ended December 31, 2016

	2016	2015
	\$	\$
<b>Annual Deficit</b>	(890,376)	(331,051)
<b>Acquisition of Tangible Capital Assets</b>	(2,945,909)	(3,280,499)
<b>Amortization of Tangible Capital Assets</b>	3,621,171	3,503,606
<b>Loss on Disposal of Tangible Capital Assets</b>		1,461
<b>Change in Inventories</b>	37,839	(147,739)
<b>Change in Prepaid Expenses</b>	29,149	(82,688)
<b>Increase in Net Financial Liabilities</b>	(148,126)	(336,910)
<b>Net Financial Liabilities, Beginning of Year</b>	(2,419,976)	(2,083,066)
<b>Net Financial Liabilities, End of Year</b>	<b>(2,568,102)</b>	<b>(2,419,976)</b>

See accompanying notes



# ST. CATHARINES TRANSIT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

---

### Organization

The St. Catharines Transit Commission (the "Service") was established pursuant to the St. Catharines Act 1961 and is comprised of the operations formerly known as St. Catharines Transit Commission - Urban Service and the Paratransit System of St. Catharines. The purpose of the Service is to provide a safe, courteous and reliable transit service which responds to the needs of the community.

### 1. Significant Accounting Policies

The financial statements of the Service are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Service are as follows:

#### Accrual accounting

The accrual method of reporting revenue and expenses has been used.

#### 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.

#### Tangible capital assets

Tangible capital assets are recorded at historic 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 services on a straight-line basis over the estimated useful life of the asset. Additions during the year are amortized using half the normal rate. Disposals are amortized using half the normal rate. Gains and/or losses on the disposal of an asset are recorded on the statement of operations and accumulated surplus as "gain/loss on disposal of tangible capital assets."

<u>Asset Class</u>	<u>Period</u>
Land improvements	- 15 - 25 years
Building	- 5 - 75 years
Structures	- 10 - 20 years
Equipment	- 10 - 30 years
Furniture	- 5 - 20 years
IT equipment - Conventional	- 2 - 15 years
IT equipment - Paratransit	- 7 years
Vehicles - Conventional	- 7 - 12 years
Vehicles - Paratransit	- 7 - 12 years

# ST. CATHARINES TRANSIT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

---

### 1. Significant Accounting Policies - continued

#### Tangible capital assets - continued

Conventional vehicles with a total net book value of \$ 50,203 have not been amortized as they were removed from service in a prior year.

#### Inventories

Inventories are valued at lower of cost and replacement cost.

#### Investment by the Corporation of the City of St. Catharines

The investment by the Corporation of the City of St. Catharines is recorded at cost. See notes 3 and 4.

#### Operations

The financial statements include the operations of the Service as well as the operations of the Paratransit System of St. Catharines.

#### Employee future benefits

The Service pays certain medical, dental and life insurance benefits on behalf of its retired employees. The Service recognizes these post-retirement costs in the period in which the employees rendered the services. See note 2.

#### Pledges

The amount of pledges to donate funds to the Paratransit System of St. Catharines are included in revenues in the year the amounts are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards 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 reporting periods. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results.

## ST. CATHARINES TRANSIT COMMISSION

### NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

#### 2. Employee Future Benefits

	2016 \$	2015 \$
Vacation pay	33,700	32,883
Post-retirement benefits	2,022,602	1,721,285
	<b>2,056,302</b>	<b>1,754,168</b>

#### Vacation Pay

As at December 31, 2016, employees of the Service have accumulated vacation pay credits in the amount of \$ 33,700 (2015 - \$ 32,883). These credits must be used within the next fiscal year.

#### Post-Retirement Benefits

The Service pays certain medical, dental and life insurance benefits on behalf of its retired employees. The accrued benefit liability was determined by actuarial valuation using a discount rate of 3.50% (2015 - 4.25%).

#### Defined Benefit Plan Information

	2016 \$	2015 \$
Employee benefit plan assets		
Employee benefit plan liabilities	2,022,602	1,721,285
Employee benefit plan deficit	<b>2,022,602</b>	<b>1,721,285</b>
Accrued benefit obligation, beginning of year	1,721,285	1,672,522
Expense for the year	291,408	161,965
Amortization of actuarial losses (gains)	(473,728)	12,564
Past service costs adjustment	565,750	
Benefits paid during the year	(82,113)	(125,766)
Accrued benefit obligation, end of year	<b>2,022,602</b>	<b>1,721,285</b>



# ST. CATHARINES TRANSIT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

### 2. Employee Future Benefits - continued

As a result of an actuarial valuation conducted in 2017 for the year ending December 31, 2016, it was determined that an actuarial loss of \$ 1,012,241 existed. This amount is being amortized over the expected average remaining service life of the employee group, which in this case, is 11 years or \$ 92,022 per annum. The unamortized value remaining is \$ 920,219. The actual obligation is \$ 2,942,821. Also, as a result of changes in employee benefit entitlements and the subsequent changes in the actuarial valuation, additional past service costs were required to be estimated. The resulting liability is required to be recognized immediately in the period of the plan amendment. Any actuarial gains existing at the time of the past service cost are also required to be recognized in the same year, up to the amount of the past service cost.

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

**General Inflation** - Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% in 2016 and thereafter.

**Salary Levels** - Future salary and wage levels were assumed to increase at 2.0% per annum for the year 2016 and thereafter.

**Medical Costs** - Medical costs were assumed to increase at a rate of 6.40%, graded down to 6.20% in 2017, 5.99% in 2018, 5.78% in 2019, 5.56% in 2020, 5.35% in 2021, 5.14% in 2022, 4.93% in 2023, 4.71% in 2024, and 4.50% in 2025 and each year thereafter.

**Dental Costs** - Dental costs were assumed to increase at a rate of 4.50% in 2016 and each year thereafter.

### 3. Accumulated Surplus

	2016	2015
	\$	\$
Invested in tangible capital assets	24,998,427	25,673,689
Reserve fund for future tangible capital assets	137,963	79,364
Paratransit reserve fund for future tangible capital assets	89,792	146,445
Investment by the City of St. Catharines	110,497	25,423
Amount to be recovered - employee future benefits	(2,056,302)	(1,754,168)
	<b>23,280,377</b>	<b>24,170,753</b>

### 4. Economic Dependence

The Corporation of the City of St. Catharines is obligated to subsidize the Service for any excess of expense over revenue.

# ST. CATHARINES TRANSIT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

---

### 5. Related Party Transactions

As a formal Commission established pursuant to Provincial legislation, with Council representation, the Service and the Corporation of the City of St. Catharines ("the City") are considered related parties.

The City charges the Service for certain costs on a flat fee basis. These charges are as follows:

	2016 \$	2015 \$
Data processing	9,720	9,720
Downtown bus terminal rent	1	1
2012 First Street Louth land and building lease	1	1

Included in accounts receivable and accounts payable is \$ 1,300 and \$ 9,720 respectively, (2015 - \$ nil and \$ 264) due from and to the Corporation of the City of St. Catharines.

### 6. Pension Agreement

The Service makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 177 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 440,000 active and retired members and approximately 1,000 employees.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Service does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2016 was \$ 1,024,842 (2015 - \$ 958,828) for current service and is included as an expense on the statement of operations and accumulated surplus.

On January 1, 2016, the yearly maximum pension earnings increased to \$ 54,900 from \$ 53,600 in 2015. The contributions are calculated at a rate of 9% (2015 - 9%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2015 - 14.6%) for amounts above the yearly maximum pension earnings.



**ST. CATHARINES TRANSIT COMMISSION**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**

Schedule 1

for the year ended December 31, 2016

	Cost				Accumulated Amortization			Net Book Value
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, Beginning of Year	Amortization	Disposals	
	\$	\$	\$	\$	\$	\$	\$	\$
Land	357,225			357,225				357,225
Land improvements	809,293			809,293		51,785		645,681
Buildings	7,411,444	37,844		7,449,288	2,337,831	115,436		2,453,267
Structures	1,258,226	38,536	78,775	1,217,987	291,208	66,099	78,775	278,532
Equipment	4,035,731	53,753		4,089,484	1,606,544	205,073		1,811,617
Furniture	11,036			11,036	1,932	552		2,484
IT equipment - Conventional	2,506,852	47,451	3,278	2,551,025	721,953	254,723	3,278	973,398
IT equipment - Paratransit	243,378			243,378	17,384	34,768		52,152
Vehicles - Conventional	38,428,750	2,616,370	1,783,000	39,262,120	24,212,079	2,791,874	1,783,000	25,220,953
Vehicles - Paratransit	989,335	151,955	85,000	1,056,290	594,754	100,861	85,000	610,615
<b>December 31, 2016</b>	<b>56,051,270</b>	<b>2,945,909</b>	<b>1,950,053</b>	<b>57,047,126</b>	<b>30,377,581</b>	<b>3,621,171</b>	<b>1,950,053</b>	<b>32,048,699</b>
Land	357,225			357,225				357,225
Land improvements	770,523	38,770		809,293	543,404	50,492		593,896
Buildings	7,286,635	124,809		7,411,444	2,225,452	112,379		2,337,831
Structures	1,258,226			1,258,226	227,035	64,173		291,208
Equipment	3,700,017	372,239	36,525	4,035,731	1,442,265	199,343	35,064	1,606,544
Furniture	11,036			11,036	1,380	552		1,932
IT equipment - Conventional	2,344,338	162,514		2,506,852	480,413	241,540		721,953
IT equipment - Paratransit		243,378		243,378		17,384		17,384
Vehicles - Conventional	35,872,602	2,556,148		38,428,750	21,495,866	2,716,213		24,212,079
Vehicles - Paratransit	989,335			989,335	493,224	101,530		594,754
Work in progress	217,359	(217,359)						
<b>December 31, 2015</b>	<b>52,807,296</b>	<b>3,280,499</b>	<b>36,525</b>	<b>56,051,270</b>	<b>26,909,039</b>	<b>3,503,606</b>	<b>35,064</b>	<b>30,377,581</b>
<b>December 31, 2015</b>								<b>25,673,689</b>

See accompanying notes

*crawford smith & swallow*

**ST. CATHARINES TRANSIT COMMISSION**

**SCHEDULE OF EXPENSES**

**Schedule 2**

for the year ended December 31, 2016

	(Unaudited) Budget 2016 \$	Actual 2016 \$	Actual 2015 \$
<b>Transportation</b>			
Operator wages	7,139,896	7,314,757	6,974,010
Payroll taxes	2,410,262	2,427,316	2,373,857
	9,550,158	9,742,073	9,347,867
Thorold transcab service	208,400	200,224	197,703
Uniforms	41,950	52,789	25,220
Licenses	57,600	57,490	47,762
Fare media	65,000	70,958	24,913
Safety and training	31,800	36,852	27,627
	<b>9,954,908</b>	<b>10,160,386</b>	<b>9,671,092</b>
<b>Fuel</b>			
Gasoline and diesel fuel	2,494,686	1,967,625	2,384,470
Lubricants	105,000	74,794	81,456
	<b>2,599,686</b>	<b>2,042,419</b>	<b>2,465,926</b>
<b>Equipment and Vehicle Maintenance</b>			
Mechanics wages	1,141,578	1,112,800	1,137,950
Servicemen wages	497,106	498,423	497,186
Mechanics payroll taxes	423,644	422,218	422,715
Servicemen payroll taxes	196,932	195,304	226,783
	2,259,260	2,228,745	2,284,634
Tires	105,000	144,343	160,827
Materials	1,200,000	1,771,667	1,373,351
Two way radios	13,000	9,363	13,478
Service and staff vehicles	15,375	8,940	12,948
Mechanics tool replacements	9,000	12,627	11,242
Miscellaneous	22,800	28,142	20,281
	<b>3,624,435</b>	<b>4,203,827</b>	<b>3,876,761</b>

See accompanying notes

# ST. CATHARINES TRANSIT COMMISSION

## SCHEDULE OF EXPENSES

Schedule 2 - continued

for the year ended December 31, 2016

	(Unaudited)		
	Budget	Actual	Actual
	2016	2016	2015
	\$	\$	\$
<b>Premises and Plant</b>			
Utilities	160,000	144,977	162,693
Garage supplies	50,000	40,509	47,755
Building and janitorial	226,600	222,258	279,893
Bus shelters	11,000	37,523	14,916
Property taxes	145,652	209,513	129,071
Fire and boiler insurance	6,490	6,480	8,308
Carlisle Square terminal maintenance			142,280
	<b>599,742</b>	<b>661,260</b>	<b>784,916</b>
<b>Downtown Terminal</b>			
Salaries	129,797	156,812	85,570
Payroll taxes	25,959	31,842	15,539
	155,756	188,654	101,109
Office supplies	10,800	5,103	3,305
Telephone	49,900	34,480	33,889
Building and janitorial	56,000	54,483	41,528
Rent and utilities	106,000	30,768	59,940
Contracted services	135,400	142,121	75,812
	<b>513,856</b>	<b>455,609</b>	<b>315,583</b>
<b>General and Administration</b>			
Salaries	1,383,219	1,368,240	1,325,424
Payroll taxes	481,132	777,972	542,096
	1,864,351	2,146,212	1,867,520
Insurance	533,083	538,056	512,799
Office	238,181	226,553	167,891
Telephone	53,960	55,811	55,296
Professional fees	29,000	36,984	48,044
Advertising	60,000	60,611	55,510
Miscellaneous	77,400	78,356	57,080
	<b>2,855,975</b>	<b>3,142,583</b>	<b>2,764,140</b>

See accompanying notes



**ST. CATHARINES TRANSIT COMMISSION**

**SCHEDULE OF EXPENSES**

Schedule 2 - continued

for the year ended December 31, 2016

	(Unaudited)		
	Budget	Actual	Actual
	2016	2016	2015
	\$	\$	\$
<b>Paratransit Operating</b>			
Operator wages	517,194	553,392	504,378
Administrative salaries	125,561	151,931	133,244
Mechanics wages	70,211	70,200	68,832
Servicemen wages	57,054	57,060	55,908
Operator payroll taxes	189,936	189,098	187,127
Administrative payroll taxes	43,750	43,564	59,461
Mechanic payroll taxes	25,460	25,464	24,780
Servicemen payroll taxes	21,881	25,654	20,118
	1,051,047	1,116,363	1,053,848
Uniforms	6,000	6,000	5,892
Licenses	550	166	96
Miscellaneous supplies			28
Diesel fuel	70,000	53,590	53,532
Lubricants	1,104	1,104	1,104
Materials	25,000	1,137	9,701
Two way radios	1,394	1,392	1,394
Utilities	15,000	15,000	15,000
Garage supplies	2,064	2,064	2,064
Building and janitorial	7,740	7,740	7,740
Property taxes	10,980	10,980	10,980
Fire and boiler insurance	720	720	720
Insurance	72,000	72,000	70,020
Advertising	888		
Office	3,000	3,549	3,826
Telephone	2,400	2,400	1,740
Professional fees	2,520	2,520	2,520
Miscellaneous office	600	457	364
	<b>1,273,007</b>	<b>1,297,182</b>	<b>1,240,569</b>

See accompanying notes

# NIAGARA DISTRICT AIRPORT COMMISSION

December 31, 2016

## Financial Statements

### December 31, 2016

The accompanying financial statements of the Niagara District Airport Commission and the responsibility of the Commission's management and the Board of Directors are to prepare financial statements that are free from material misstatement, whether caused by error or fraud. The Commission's management and the Board of Directors are also responsible for the design, implementation, and maintenance of an effective system of internal control to prevent or detect and correct misstatements. The Commission's management and the Board of Directors are also responsible for the design, implementation, and maintenance of an effective system of internal control to prevent or detect and correct misstatements.

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\_\_\_\_\_  
Chair  
January 16, 2017

  
\_\_\_\_\_  
Chief Executive Officer  
January 16, 2017

**NIAGARA DISTRICT AIRPORT COMMISSION  
MANAGEMENT REPORT**

December 31, 2016

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The accompanying financial statements of the Niagara District Airport Commission are the responsibility of the Commission's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

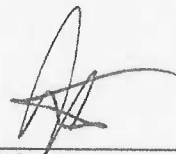
The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Commission management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Commission meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Crawford, Smith and Swallow Chartered Accountants LLP, independent external auditors appointed by the Commission. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination, and their opinion on the Commission's financial statements.

  
\_\_\_\_\_  
Terry Flynn  
Chair  
February 16, 2017

  
\_\_\_\_\_  
Len O'Connor  
CEO  
February 16, 2017

Crawford, Smith and Swallow  
Chartered Accountants LLP

4741 Queen Street  
Niagara Falls, Ontario  
L2E 2M2  
Telephone (905) 356-4200  
Telecopier (905) 356-3410

*crawford  
smith &  
swallow*

Offices in:  
Niagara Falls, Ontario  
St. Catharines, Ontario  
Fort Erie, Ontario  
Niagara-on-the-Lake, Ontario  
Port Colborne, Ontario

## INDEPENDENT AUDITORS' REPORT

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To the Members of  
Niagara District Airport Commission

We have audited the accompanying financial statements of Niagara District Airport Commission, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### *Auditors' Responsibility*

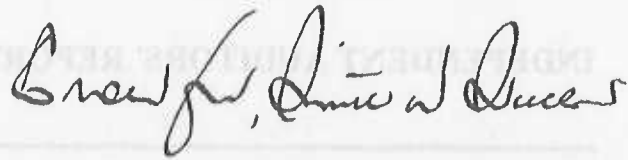
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

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

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Niagara District Airport Commission as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Niagara Falls, Ontario  
February 16, 2017

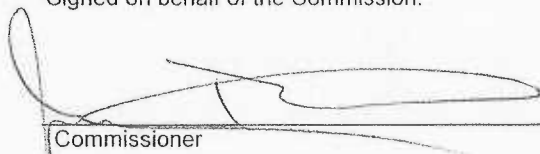
CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP  
LICENSED PUBLIC ACCOUNTANTS


NIAGARA DISTRICT AIRPORT COMMISSION  
STATEMENT OF FINANCIAL POSITION

as at December 31, 2016

	2016 \$	2015 \$
<b>Assets</b>		
<b>Current Assets</b>		
Cash	705,711	327,619
Accounts receivable	20,899	11,260
Sales tax recoverable	-	8,066
Prepaid expenses	6,111	1,572
	<u>732,721</u>	<u>348,517</u>
<b>Capital Assets - note 10</b>	<u>10,573,440</u>	<u>11,102,418</u>
	<b>11,306,161</b>	<b>11,450,935</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities - note 2	115,068	178,411
Government remittances payable	8,407	1,298
Deferred revenue - note 3	476,887	98,076
Current portion of long-term debt - note 4	-	12,000
	<u>600,362</u>	<u>289,785</u>
<b>Deferred Capital Contributions - note 3</b>	<u>9,698,371</u>	<u>10,164,148</u>
<b>Net Assets</b>	<u>1,007,428</u>	<u>997,002</u>
	<b>11,306,161</b>	<b>11,450,935</b>

Signed on behalf of the Commission:

  
\_\_\_\_\_  
Commissioner

  
\_\_\_\_\_  
Commissioner

See accompanying notes.

NIAGARA DISTRICT AIRPORT COMMISSION  
 STATEMENT OF CHANGES IN NET ASSETS  
 for the year ended December 31, 2016

	Invested in Capital Assets \$	Unrestricted \$	2016 \$	2015 \$
Balance, Beginning of Year	926,270	70,732	997,002	987,724
Excess (Deficiency) of Revenue over Expenses for the Year	(63,201)	73,627	10,426	9,278
Repayment of Capital Related to Long-Term Debt	12,000	(12,000)	-	-
<b>Balance, End of Year</b>	<b>875,069</b>	<b>132,359</b>	<b>1,007,428</b>	<b>997,002</b>

See accompanying notes.

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NIAGARA DISTRICT AIRPORT COMMISSION

STATEMENT OF OPERATIONS

for the year ended December 31, 2016

	Budget 2016 \$	Actual 2016 \$	Actual 2015 \$
<b>Revenue</b>			
Events	8,000	4,950	7,455
Fuel operations	12,000	23,864	19,840
Interest	1,000	2,401	2,383
Landing and parking fees	16,500	25,631	15,317
Miscellaneous	12,200	17,776	12,908
Municipal grants - schedule 1	356,400	356,400	305,001
Deferred revenue recognized - note 3	-	-	44,721
Rentals	226,400	224,024	214,255
	632,500	655,046	621,880
<b>Operating Expenses</b>			
Maintenance, building and property - schedule 2	33,700	36,139	79,899
Maintenance, vehicles and equipment - schedule 3	61,200	55,202	45,764
Operations - schedule 4	171,700	156,395	132,402
Personnel - schedule 5	353,900	337,161	294,164
	620,500	584,897	552,229
<b>Excess of Revenues over Expenses before Undernoted Items</b>	12,000	70,149	69,651
<b>Other</b>			
Gain on disposition of capital asset	-	3,478	-
Deferred capital contribution amortization	-	474,549	469,153
Amortization	-	(537,750)	(529,526)
	-	(59,723)	(60,373)
<b>Excess of Revenues over Expenses for the Year</b>	12,000	10,426	9,278

See accompanying notes.



NIAGARA DISTRICT AIRPORT COMMISSION

STATEMENT OF CASH FLOWS

for the year ended December 31, 2016

	2016 \$	2015 \$
<b>Operating Activities</b>		
Excess of revenues over expenses for the year	10,426	9,278
Amortization	537,750	529,526
Deferred capital contribution amortization	(474,549)	(469,153)
Gain on disposal of capital assets	(3,478)	-
Working capital provided by operations	70,149	69,651
Changes in working capital components:		
Accounts receivable	(9,639)	(2,338)
Sales tax recoverable	8,066	(6,310)
Prepaid expenses	(4,539)	(807)
Accounts payable and accrued liabilities	(63,343)	78,098
Government remittances payable	7,109	1,298
	(62,346)	69,941
Funds provided by operating activities	7,803	139,592
<b>Capital Activities</b>		
Proceeds on disposal of capital assets	3,478	-
Capital expenditures	(93,772)	(251,135)
Funds used by capital activities	(90,294)	(251,135)
<b>Financing Activities</b>		
Repayment of long-term debt	(12,000)	(62,000)
Deferred capital contributions	472,583	218,626
Net increase in cash from financing activities	460,583	156,626
<b>Increase in Cash</b>	<b>378,092</b>	<b>45,083</b>
<b>Cash, Beginning of Year</b>	<b>327,619</b>	<b>282,536</b>
<b>Cash, End of Year</b>	<b>705,711</b>	<b>327,619</b>

See accompanying notes.

## NIAGARA DISTRICT AIRPORT COMMISSION

### NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

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#### Organization

The ownership of the Niagara District Airport was transferred from the Federal Government to the Town of Niagara-on-the-Lake ("Town") in 1996. The Niagara District Airport Commission ("Commission"), established in 1959, is entrusted with the control and management of the airport as per an agreement between the Town and the Commission dated September 13, 1996. The City of St. Catharines, the City of Niagara Falls, and the Town of Niagara-on-the-Lake have entered into an Airport Funding Agreement, which expires on December 31, 2026. The agreement established the Commission as a Joint Municipal Services Board under the Municipal Act and authorizes the Commission to hold all airport assets in trust. The Commission is a subsidiary of a municipal enterprise and, as such, is exempt from corporate income taxes.

#### 1. Significant Accounting Policies:

The financial statements of the Commission are the representations of management prepared in accordance with Canadian public sector accounting standards, consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

##### Financial reporting framework:

The financial statements of the Commission have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPO's").

##### Revenue recognition:

The commission follows the deferral method of accounting for contributions. Deferred revenue includes unused grants received from the municipal entities listed that are designated to be used to fund capital expenditures or repair type expenses. Amounts designated as capital grants are credited to deferred capital contributions and recognized as revenue on the same basis as the amortization of the related capital assets once an asset has been acquired. Other funds received for expenses of future periods are recognized as revenue in the period when the expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted revenues including fuel revenue, event revenue, and landing and parking fees are recognized as revenue when earned. Rental revenue from land leases are recognized on a straight line basis over the term of the agreements.

##### Financial instruments:

The Commission's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. Financial instruments are initially measured at fair value on acquisition and are subsequently measured at amortized cost. Transaction costs and financial fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized, and amortized over the life to the financial instrument. Unless otherwise noted, it is the Commission's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**NIAGARA DISTRICT AIRPORT COMMISSION**

**NOTES TO FINANCIAL STATEMENTS**

for the year ended December 31, 2016

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

**Capital assets and amortization:**

Capital assets are recorded at cost. Expenditures for maintenance and repairs are charged to operating expenses.

Amortization is calculated on a straight-line basis over the estimated useful lives as follows:

Land improvements	4 to 60 years
Buildings	20 to 60 years
Equipment	4 to 40 years
Furniture and fixtures	5 to 10 years
Computer equipment	3 to 5 years
Motor vehicles	5 to 20 years
Signs	20 years
Other machinery and equipment	10 to 60 years
Linear assets	20 to 60 years

Additions during the year are amortized from the month of acquisition. Disposals are amortized until the month of disposition. Gains or losses on assets sold or otherwise disposed of are included in the statement of operations.

**Impairment of long-lived assets:**

The carrying value of long-lived assets including property, plant and equipment, and certain other long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the long-lived asset no longer has any long-term service potential to the Commission, it is considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its residual value.

**Contributed services:**

The Commission receives contributed services in the form of the time commitment of the commissioners in the overseeing of operations. The fair value of such contributed services is not determinable and, therefore, not recognized in the financial statements.

**2. Related Party Transactions**

During the year, the Commission paid accounting fees of \$12,000 to the Town of Niagara-on-the-Lake. Accounts payable and accrued liabilities includes \$36,153 payable to the Town of Niagara-on-the-Lake and \$7,700 payable to the City of St. Catharines.

**NIAGARA DISTRICT AIRPORT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
for the year ended December 31, 2016

<b>3. Deferred Capital Contributions:</b>	2016 \$	2015 \$
Balance, beginning of year	10,164,148	10,382,166
Add: capital grant utilized	93,772	251,135
Less: revision of prior year contributions - note 8	(85,000)	-
Less: charged to fund revenues during the year	(474,549)	(469,153)
<b>Balance, End of Year</b>	<b>9,698,371</b>	<b>10,164,148</b>

Unused capital funding balance and deferred revenue consists of:	2016 \$	2015 \$
Balance, beginning of year	98,076	130,585
City of St. Catharines	221,624	150,584
City of Niagara Falls	139,985	95,115
Town of Niagara-on-the-Lake	25,974	17,648
Regional Municipality of Niagara - note 8	85,000	-
Less: capital grant utilized	(93,772)	(251,135)
Less: deferred revenue recognized in operations	-	(44,721)
<b>Balance, End of Year</b>	<b>476,887</b>	<b>98,076</b>

<b>4. Long-Term Debt:</b>	2016 \$	2015 \$
Air Mobile tax arrears liability agreement, non-interest bearing, payable in annual installments of \$12,000. Final payment was June 30, 2016	-	12,000
Portion due within one year	-	12,000
	-	-

Interest charges of \$0 (2015 - \$1,000) are included on the statement of operations under operations expenses.

**5. Economic Dependence:**

The Commission receives a significant portion of its revenues from the City of St. Catharines, City of Niagara Falls, and the Town of Niagara-on-the-Lake.

**6. Budget Figures:**

The budget figures presented on the Statement of Operations are based on the 2016 operating and capital budgets as approved by the Commission. These numbers have not been audited, but are presented for information purposes only. The budgets established for capital are on a project-oriented basis, the costs of which may be carried out over one or more years. As such, they are not directly comparable with current year actual amounts and have not been reflected. Budget figures have been reclassified to comply with PSAB for Government NPO's reporting requirements.

## NIAGARA DISTRICT AIRPORT COMMISSION

### NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

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#### 7. Pension Plan:

The Commission makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of all its employees. 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 Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 461,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Commission does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2016 was \$25,155 (2015 - \$19,587) for current services and is included as an expense on the Statement of Operations.

On January 1, 2016 the yearly maximum pensionable earnings increased to \$54,900 from \$53,600 in 2015. The contributions are calculated at a rate of 9.0% (2015 - 9.0%) for amounts up to the yearly maximum pensionable earnings stated above and at a rate of 14.6% (2015 - 14.6%) for amounts above the yearly maximum pensionable earnings.

#### 8. Airport Renovation Project Holdback Settlement:

During the year, the Regional Municipality of Niagara (the "Region"), as project co-ordinator, settled an outstanding holdback in the amount of \$164,000 related to the Commission airport renovation project ("ARP") which totalled \$11,870,669 and was completed in July 2011. This agreement between the Region and a specific contractor related to deficiencies discovered after completion of the apron area of the airport. Slight depressions in the apron were discovered by the airport CEO and this was relayed to Region staff. A payment of \$79,000 and applicable HST was made to the contractors with the balance of \$85,000 and applicable HST being forwarded to the Commission for future repairs of the identified depressions. These funds have been recorded in deferred revenue (see note 3) and will be recognized in as revenue in the year when the related repairs have been completed. Therefore, \$85,000 has been removed from capital assets and deferred capital contributions as it is an adjustment to the estimated costs at the time of completion.

#### 9. Comparative Figures:

The prior year's figures have been restated to conform to the current year's presentation.

#### 10. Capital Assets :

Capital Assets Disclosed at Nominal Values:

Where an estimate of fair market value could not be made for a capital asset, the asset was recognized at a nominal value. Nominal values totalling \$20 have been assigned to Land (\$2), Land Improvements (\$4), Buildings (\$5), Vehicles (\$2), Machinery and Equipment (\$1), Infrastructure (\$5) and Signage (\$1).

NIAGARA DISTRICT AIRPORT COMMISSION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2016

10. Capital Assets (continued):

2016	Opening NBV	Opening Cost	Additions	Disposals	Closing Cost	Opening Accumulated Amortization	Amortization	Deletions	Closing Accumulated Amortization	Closing NBV
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>General Assets:</b>										
Land	25,437	25,437	-	-	25,437	-	-	-	-	25,437
Land improvements	5,703,409	7,483,911	-	85,000	7,398,911	1,780,502	354,554	-	2,135,056	5,263,855
Buildings	1,874,825	2,129,782	4,150	-	2,133,932	254,957	54,471	-	309,428	1,824,504
Equipment	1,122,536	1,326,961	16,909	4,996	1,338,874	204,425	41,836	4,996	241,265	1,097,609
Furniture and fixtures	19,637	37,535	-	5,233	32,302	17,898	3,230	5,233	15,895	16,407
Computer equipment	-	11,025	14,059	-	25,084	11,025	1,399	-	12,424	12,660
Motor vehicles	212,996	324,493	41,277	-	365,770	111,497	22,351	-	133,848	231,922
Signs	37,357	38,316	11,839	-	50,155	959	2,113	-	3,072	47,083
	8,996,197	11,377,460	88,234	95,229	11,370,465	2,381,263	479,954	10,229	2,850,988	8,519,477
<b>Infrastructure:</b>										
Other machinery and equipment	1,130,310	1,343,989	-	-	1,343,989	213,679	34,587	-	248,266	1,095,723
Linear assets	975,911	1,085,456	-	-	1,085,456	109,545	23,209	-	132,754	952,702
	2,106,221	2,429,445	-	-	2,429,445	323,224	57,796	-	381,020	2,048,425
<b>Work In Progress:</b>										
	-	-	5,538	-	5,538	-	-	-	-	5,538
<b>Grand Total</b>	<b>11,102,418</b>	<b>13,806,905</b>	<b>93,772</b>	<b>95,229</b>	<b>13,805,448</b>	<b>2,704,487</b>	<b>537,750</b>	<b>10,229</b>	<b>3,232,008</b>	<b>10,573,440</b>

NIAGARA DISTRICT AIRPORT COMMISSION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2015

10. Capital Assets (continued):

2015	Opening NBV	Opening Cost	Additions	Disposals	Closing Cost	Opening Accumulated Amortization	Amortization	Deletions	Closing Accumulated Amortization	Closing NBV
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>General Assets:</b>										
Land	25,437	25,437	-	-	25,437	-	-	-	-	25,437
Land improvements	5,958,640	7,382,865	101,046	-	7,483,911	1,424,225	356,277	-	1,780,502	5,703,409
Buildings	1,898,817	2,099,782	30,000	-	2,129,782	200,965	53,992	-	254,957	1,874,825
Equipment	1,133,712	1,298,061	28,900	-	1,326,961	164,349	40,076	-	204,425	1,122,536
Furniture and fixtures	18,477	32,855	4,680	-	37,535	14,378	3,520	-	17,898	19,637
Computer equipment	-	11,025	-	-	11,025	11,025	-	-	11,025	-
Motor vehicles	181,168	276,299	48,194	-	324,493	95,131	16,366	-	111,497	212,996
Signs	-	1	38,315	-	38,316	1	958	-	959	37,357
	9,216,251	11,126,325	251,135	-	11,377,460	1,910,074	471,189	-	2,381,263	8,996,197
<b>Infrastructure:</b>										
Other machinery and equipment	1,165,438	1,343,989	-	-	1,343,989	178,551	35,128	-	213,679	1,130,310
Linear assets	999,120	1,085,456	-	-	1,085,456	86,336	23,209	-	109,545	975,911
	2,164,558	2,429,445	-	-	2,429,445	264,887	58,337	-	323,224	2,106,221
<b>Grand Total</b>	<b>11,380,809</b>	<b>13,555,770</b>	<b>251,135</b>	<b>-</b>	<b>13,806,905</b>	<b>2,174,961</b>	<b>529,526</b>	<b>-</b>	<b>2,704,487</b>	<b>11,102,418</b>

NIAGARA DISTRICT AIRPORT COMMISSION

Schedule 1

SCHEDULE OF MUNICIPAL GRANTS

for the year ended December 31, 2016

	Budget 2016 \$	2016 \$	2015 \$
City of St. Catharines	203,793	203,793	174,402
City of Niagara Falls	128,723	128,723	110,158
Town of Niagara-on-the-Lake	23,884	23,884	20,441
	<b>356,400</b>	<b>356,400</b>	<b>305,001</b>

See accompanying notes.



NIAGARA DISTRICT AIRPORT COMMISSION

Schedule 2

SCHEDULE OF MAINTENANCE, BUILDING, AND PROPERTY

for the year ended December 31, 2016

	Budget 2016 \$	2016 \$	2015 \$
Building	18,200	13,264	18,635
Runway	7,500	10,305	51,221
Property	8,000	12,570	10,043
	<b>33,700</b>	<b>36,139</b>	<b>79,899</b>

See accompanying notes.

NIAGARA DISTRICT AIRPORT COMMISSION

Schedule 3

SCHEDULE OF MAINTENANCE, VEHICLES, AND EQUIPMENT

for the year ended December 31, 2016

			Budget 2016 \$	2016 \$	2015 \$
	Equipment rent		3,200	2,610	2,408
	Gas and oil		18,000	14,026	14,546
	Vehicles		40,000	38,566	28,810
			<b>61,200</b>	<b>55,202</b>	<b>45,764</b>
	See accompanying notes.				

NIAGARA DISTRICT AIRPORT COMMISSION

Schedule 4

SCHEDULE OF OPERATIONS

for the year ended December 31, 2016

	Budget 2016 \$	2016 \$	2015 \$
Accounting fees - note 2	12,000	12,000	12,000
Advertising	5,500	1,957	2,018
Audit	10,000	10,400	11,800
Bad debt	1,000	-	37
Commissioners expenses	5,000	2,709	-
Conventions	11,500	9,549	6,898
Credit card fees	-	232	115
Hydro and heating	25,000	32,451	27,644
Insurance	17,000	21,342	14,213
Interest on long-term debt	-	-	1,000
Legal	5,000	9,949	5,730
Miscellaneous	5,200	3,496	1,812
Office and general	19,000	12,379	13,601
Payment in lieu of taxes	11,000	10,748	9,198
Safety management systems	12,500	6,020	10,318
Telephone and communications	8,000	10,067	7,294
Training	12,000	6,023	770
Water and sewage	12,000	7,073	7,954
	<b>171,700</b>	<b>156,395</b>	<b>132,402</b>

See accompanying notes.

NIAGARA DISTRICT AIRPORT COMMISSION

Schedule 5

SCHEDULE OF PERSONNEL

for the year ended December 31, 2016

	Budget 2016 \$	2016 \$	2015 \$
Consultant	22,500	12,821	18,085
Employee benefits	72,400	68,147	57,814
Salary and wages	259,000	256,193	218,265
	<b>353,900</b>	<b>337,161</b>	<b>294,164</b>

See accompanying notes.