

THE CORPORATION OF THE CITY OF ST. CATHARINES, ONTARIO

FINANCIAL STATEMENTS

TO THE YEAR ENDED DECEMBER 31, 2014

City of St. Catharines Consolidated Statements

Port Dalhousie Business Association

St. Catharines Downtown Association

St. Catharines Public Library

St. Catharines Transit Commission

St. Catharines Paratransit System

Niagara District Airport Commission



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

Consolidated Financial Statements

December 31, 2014

THE CORPORATION OF THE CITY OF ST. CATHARINES

Consolidated Financial Statements

December 31, 2014

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THE CORPORATION OF THE CITY OF ST. CATHARINES

MANAGEMENT REPORT

December 31, 2014


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 consolidated 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 Bendzik

Mayor

June 12, 2015



Dan Carnegie

Chief Administrative Officer

June 12, 2015

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

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, 2014, and the consolidated statements of operations and accumulated surplus, cash flows and change in net financial assets (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

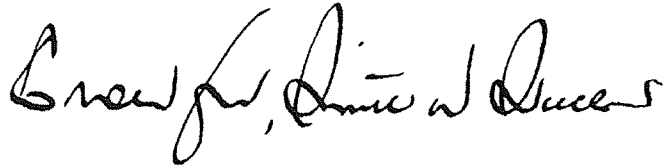
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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, 2014, and the results of its operations, cash flows and changes in net financial assets (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 & Swallow".

St. Catharines, Ontario
June 12, 2015

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP

LICENSED PUBLIC ACCOUNTANTS

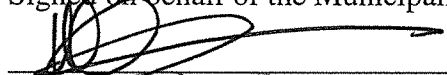
THE CORPORATION OF THE CITY OF ST. CATHARINES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION


December 31, 2014

(In thousands of dollars)

	2014 \$	2013 \$
Financial Assets		
Cash and cash equivalents - note 2	42,491	48,982
Taxes receivable - note 3	15,768	15,152
Accounts receivable	24,819	21,942
Note receivable - St. Catharines Hydro Inc. - note 4	7,754	7,754
Investment in St. Catharines Hydro Inc. - note 4	68,161	71,631
	158,993	165,461
Contingent Liabilities - note 15		
Liabilities		
Construction loan advances - note 6	22,309	
Accounts payable and accrued liabilities - note 7	27,473	27,403
Deferred revenue - obligatory reserve funds - note 8	17,572	19,401
Other current liabilities	3,178	1,231
Employee future benefits - note 9	14,936	14,912
Landfill post-closure liability - note 17	3,976	3,570
Net long-term liabilities - note 10	74,311	75,074
	163,755	141,591
Net Financial Assets (Liabilities)	(4,762)	23,870
Non-Financial Assets		
Tangible capital assets	688,274	635,782
Inventories	1,392	1,368
Other current assets	1,006	636
	690,672	637,786
Accumulated Surplus - note 11	685,910	661,656

Signed on behalf of the Municipality:

 Mayor

 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, 2014

(In thousands of dollars)

	Budget \$	2014 \$	2013 \$
Revenues			
Taxation	87,719	89,664	87,799
Taxation from other governments	2,577	2,266	2,256
User fees and charges	38,885	37,905	36,324
Government grants	1,758	1,815	2,063
Interest and penalties	2,350	2,639	2,416
Investment income	922	1,605	2,078
Donations	119	115	117
Other	6,393	6,540	6,169
St. Catharines Hydro Inc. net income	4,344	576	4,466
Loss on disposal of tangible capital assets		(301)	(576)
	145,067	142,824	143,112
Expenses			
General government	19,112	18,232	18,334
Protection to persons and property	26,650	26,967	24,907
Transportation services	34,262	47,601	44,158
Environmental services	12,244	15,486	16,558
Health services	1,726	3,999	3,740
Social and family services	287	344	357
Recreation and cultural services	26,786	30,367	28,893
Planning and building services	7,485	6,644	6,139
	128,552	149,640	143,086
Annual Surplus (Deficit) Before Other Revenue Related to Capital	16,515	(6,816)	26
Other Revenue Related to Capital			
Government grants		24,763	12,439
Contributions from developers		5,487	
Donations		820	756
		31,070	13,195
Annual Surplus	16,515	24,254	13,221
Accumulated Surplus, Beginning of Year	661,656	661,656	648,435
Accumulated Surplus, End of Year	678,171	685,910	661,656

See accompanying notes

THE CORPORATION OF THE CITY OF ST. CATHARINES

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2014

(In thousands of dollars)

	2014 \$	2013 \$
Operations		
Annual surplus	24,254	13,221
Sources (Uses)		
Change in taxes receivable	(616)	(1,113)
Change in accounts receivable	(2,877)	1,268
Change in inventories	(24)	126
Change in other current assets	(370)	370
Change in accounts payable and accrued liabilities	70	6,758
Change in deferred revenue - obligatory reserve funds	(1,829)	1,308
Change in other current liabilities	1,947	(453)
Change in employee future benefits	24	(91)
Change in landfill post-closure liability	406	550
	(3,269)	8,723
Non-cash charges to operations		
Amortization of tangible capital assets	26,460	24,603
Loss on disposal of tangible capital assets	301	576
	26,761	25,179
Net increase in cash from operations	47,746	47,123
Capital		
Acquisition of tangible capital assets	(79,373)	(62,045)
Proceeds on disposal of tangible capital assets	120	262
Net decrease in cash from capital activities	(79,253)	(61,783)
Investing		
Income from St. Catharines Hydro Inc.	(576)	(4,466)
Dividends received - St. Catharines Hydro Inc.	4,046	2,882
Net increase (decrease) in cash from investing	3,470	(1,584)
Financing		
Construction loan advances	22,309	
Long-term debt issued	8,040	11,097
Long-term debt repaid	(8,803)	(8,686)
Net increase in cash from financing	21,546	2,411
Decrease in Cash Position	(6,491)	(13,833)
Cash Position, Beginning of Year	48,982	62,815
Cash Position, End of Year	42,491	48,982

See accompanying notes

THE CORPORATION OF THE CITY OF ST. CATHARINES
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL
ASSETS (LIABILITIES)

for the year ended December 31, 2014
(In thousands of dollars)

	2014	2013
	\$	\$
Annual Surplus	24,254	13,221
Acquisition of Tangible Capital Assets	(79,373)	(62,045)
Amortization of Tangible Capital Assets	26,460	24,603
Loss on Disposal of Tangible Capital Assets	301	576
Proceeds on Disposal of Tangible Capital Assets	120	262
Change in Inventories	(24)	126
Change in Other Current Assets	(370)	370
Decrease in Net Financial Assets	(28,632)	(22,887)
Net Financial Assets, Beginning of Year	23,870	46,757
Net Financial Assets (Liabilities), End of Year	(4,762)	23,870

See accompanying notes

THE CORPORATION OF THE CITY OF ST. CATHARINES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2014

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 - Urban Service
- St. Catharines Transit Commission - Paratransit System
- 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, 2014

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 provisions 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) 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".

THE CORPORATION OF THE CITY OF ST. CATHARINES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2014

1. Significant Accounting Policies - continued

(b) Basis of accounting - continued

(v) Tangible capital assets - continued

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
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

(vi) Inventories

Inventories are valued at average cost.

(vii) 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.

THE CORPORATION OF THE CITY OF ST. CATHARINES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2014

1. Significant Accounting Policies - continued

(b) Basis of accounting - continued

(viii) 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.

(ix) Government grants and transfers

Government grants and transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occurs, 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.

(x) 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)	
	2014	2013
	\$	\$
Cash	18,762	25,508
Cash equivalents	23,729	23,474
	42,491	48,982

THE CORPORATION OF THE CITY OF ST. CATHARINES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2014

3. Taxes Receivable and Revenues

Property tax billings are prepared by the Municipality based on an assessment roll issued 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 issue 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 \$ 656,557, the Municipality has provided for an additional amount of \$ 2,684,165, 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)	
	2014	2013
	\$	\$
Current year	8,485	9,763
Arrears previous years	7,940	6,612
	16,425	16,375
Less allowance	(657)	(1,223)
	15,768	15,152

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, 2014

4. Investment in St. Catharines Hydro Inc.

	(in thousands of dollars)	
	2014	2013
	\$	\$
Statement of Financial Position		
Current assets	11,674	12,522
Investments	48,352	51,287
Capital assets	8,918	7,846
Intangible assets	8,348	8,904
Other assets	134	92
Total Assets	77,426	80,651
Current liabilities	732	444
Long-term note payable	7,754	7,754
Future income tax liabilities	779	822
Total Liabilities	9,265	9,020
Net Assets	68,161	71,631

	(in thousands of dollars)	
	2014	2013
	\$	\$
Statement of Financial Activities		
Revenues	3,225	7,014
Operating expenses	2,649	2,548
Net Income	576	4,466

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.

5. Credit Facility

The Municipality has an authorized operating loan of \$ 20,000,000 of which NIL has been drawn upon as at December 31, 2014.

6. Construction Loan Advances

The Municipality has an authorized construction loan of \$ 27,000,000 from the Ontario Infrastructure and Lands Corporation of which \$ 22,308,512 has been drawn upon as at December 31, 2014. The unsecured loan requires monthly interest-only payments bearing interest at 1.56% and is due on demand. The Municipality expects to convert the loan to a long-term debenture later in 2015.

THE CORPORATION OF THE CITY OF ST. CATHARINES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2014

7. Accounts Payable and Accrued Liabilities

The accounts payable balance is as follows:

	(in thousands of dollars)	
	2014	2013
	\$	\$
Trade accounts payable	9,917	11,104
Payables to other governments	7,421	7,361
Payables to school boards	145	520
Other	9,990	8,418
	27,473	27,403

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)	
	2014	2013
	\$	\$
Impost and development	3,445	3,402
Subdivider deposits	387	382
Revenue under the Planning Act	1,127	1,434
Future sidewalks	996	988
Gasoline tax - provincial	3,462	3,319
Gasoline tax - federal	8,155	9,876
	17,572	19,401

THE CORPORATION OF THE CITY OF ST. CATHARINES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2014

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 4.25% (4.25% - 2013).

The Municipality has established a reserve for the accumulated sick leave liability. The balance as at December 31, 2014 is \$ 3,038,161 (\$ 3,052,742 - 2013).

Defined Benefit Plan Information

	(in thousands of dollars)	
	2014	2013
	\$	\$
Employee benefit plan assets		
Employee benefit plan liabilities	14,936	14,912
Employee benefit plan deficit	14,936	14,912
Accrued benefit obligation, beginning of year	14,912	15,003
Expense for the year	1,091	1,075
Amortization of actuarial losses (gains)	(238)	(238)
Benefits paid during the year	(829)	(928)
Accrued benefit obligation, end of year	14,936	14,912

As a result of an actuarial valuation conducted in 2014 for the year ending December 31, 2013, it was determined that an actuarial gain of \$ 3,814,948 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value remaining is \$ 2,065,155. The actual obligation is \$ 12,870,377.

The next actuarial valuation required is for December 31, 2016.

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 2014 and thereafter.

Salary Levels - Future salary and wage levels were assumed to increase at 3.1% per annum to reflect expected increases in CPI adjusted for productivity, merit and promotion.

Medical Costs - Medical costs were assumed to increase at a rate of 6.70% graded down to 6.40% in 2015, 6.10% in 2016, 5.80% in 2017, 5.50% in 2018, and 5.20% in 2019, 4.90% in 2020, and 4.60% each year thereafter.

Dental Costs - Dental costs were assumed to increase at a rate of 4.6% per annum.

THE CORPORATION OF THE CITY OF ST. CATHARINES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2014

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)	
	2014	2013
	\$	\$
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	74,311	75,074
Net long-term liabilities, end of year	74,311	75,074

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

	\$
2015	8,967,219
2016	8,650,585
2017	8,100,583
2018	7,269,149
2019	6,271,126
Thereafter	35,052,000

- (c) Included in the net long-term liabilities reported in (a), \$ 8,552,935 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 2014 is \$ 180,799 including 2014 interest earned of \$ 27,019.
- (d) The long-term liabilities in (a) issued in the name of the Municipality 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 \$ 2,918,860 (\$ 2,991,854 - 2013).

THE CORPORATION OF THE CITY OF ST. CATHARINES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2014

11. Accumulated Surplus

	(in thousands of dollars)	
	2014	2013
	\$	\$
Invested in tangible capital assets	660,895	610,209
Operating fund	6,178	7,240
Reserves and reserve funds	58,316	58,240
Equity in St. Catharines Hydro Inc.	75,915	79,385
	801,304	755,074
Amounts to be recovered		
Construction loan advances	(22,309)	
Employee future benefits	(14,936)	(14,912)
Landfill post-closure liability	(3,976)	(3,570)
Net long-term liabilities	(74,173)	(74,936)
	(115,394)	(93,418)
	685,910	661,656

(a) Operating fund balance

	(in thousands of dollars)	
	2014	2013
	\$	\$
To be applied in the following year to operations of the:		
Operating fund	2,649	4,301
Transit	25	25
Library	75	90
Airport Commission	35	27
To be applied to water operations for the following year	3,394	2,797
	6,178	7,240

THE CORPORATION OF THE CITY OF ST. CATHARINES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2014

11. Accumulated Surplus - continued

(b) Reserves and reserve fund balances

	(in thousands of dollars)	
	2014	2013
	\$	\$
Reserves set aside by council for specific purposes:		
Working capital	28	28
Replacement of equipment	7,761	8,017
Cumulative sick leave	3,038	3,053
Library purposes	3,267	2,886
Transit purposes	154	287
Encumbrances	19,105	18,781
Building improvements	1,438	
Cemetery	30	30
Move Ontario		3
Brownfield	19	19
Roads and sewers		55
Hydro funds		500
	34,840	33,659
Reserve Funds set aside by council for specific purposes:		
Actifest	8	8
Business improvement purposes	108	62
Community development	21,754	21,716
Mausoleum	19	1,097
Paratransit capital purposes	135	124
Parking	1,452	1,574
	23,476	24,581
	58,316	58,240

THE CORPORATION OF THE CITY OF ST. CATHARINES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2014

11. Accumulated Surplus - continued

(c) St. Catharines Hydro Inc. net equity

	(in thousands of dollars)	
	2014	2013
	\$	\$
Balance, beginning of year	79,385	77,801
Changes during the year		
Net income for the year	576	4,466
Dividends paid during the year	(4,046)	(2,882)
	(3,470)	1,584
Balance, end of year	75,915	79,385

12. Trust Funds

Trust funds administered by the Municipality amounting to \$ 9,594,000 (\$ 9,328,000 - 2013) 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 882 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 2014 was \$ 5,735,985 (\$ 5,571,740 - 2013) for current service and is included as an expense in the "Consolidated Statement of Operations and Accumulated Surplus".

On January 1, 2014, the yearly maximum pension earnings increased to \$ 52,500 from \$ 51,100 in 2013. The contributions are calculated at a rate of 9% (9% - 2013) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (14.6% - 2013) 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, 2014

14. Contractual Obligations and Commitments

Capital expenditures

The estimated future capital expenditures based on projects in progress at December 31, 2014 is approximately \$ 59,374,000 (\$ 107,925,000 - 2013) after deducting the expenditures incurred as at December 31, 2014. These projects will be financed by grants, subsidies and long-term liabilities in future years.

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 \$ 2,209,065 for next year and for 11 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.

THE CORPORATION OF THE CITY OF ST. CATHARINES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2014

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.

Carlisle Street Parking Garage

The City must notify the Government of Canada and the Province of Ontario in writing, if at any time during a period of five years from the date of completion of the Carlisle Street Parking Garage, that being February 6, 2012, the City proposes to sell, lease, encumber or otherwise dispose of, directly or indirectly, any part of the Carlisle Street Parking Garage. The City is contingently liable for a proportionate amount of funds in the amount of \$ 18,666,667 contributed equally by the Government of Canada and the Province of Ontario. The requirement for repayment is 100% within two years of project completion, 55% after two years and before five years and nil thereafter.

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, expected to be in the Fall of 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, 2014

16. Contributions to Joint Board

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

	(in thousands of dollars)	
	2014	2013
	\$	\$
Niagara District Airport Commission	297	158

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 2015 budget and inflation adjusted at 2.2% per annum. These costs were then discounted to December 31, 2014 using a discount rate of 4.25%.

The liability for post-closure care as at December 31, 2014 is \$ 3,976,573 (\$ 3,570,015 - 2013). Estimated annual expenditures for post-closure care are \$ 187,000 (\$ 184,000 - 2013) and are expected to be incurred for the next 28 years.

18. Budget Figures

The approved operating budget for 2014 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.

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.

THE CORPORATION OF THE CITY OF ST. CATHARINES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2014

20. Segmented Reporting - continued

General Government - continued

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 new 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 building 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.

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, 2014
(In thousands of dollars)

	General Government		Protection		Transportation		Environmental		Recreation/ Culture		SCHJ		Total	
	2014 Actual	2013 Actual	2014 Actual	2013 Actual	2014 Actual	2013 Actual	2014 Actual	2013 Actual	2014 Actual	2013 Actual	2014 Actual	2013 Actual	2014 Actual	2013 Actual
Revenues														
Taxation	20,802	20,370	20,264	19,842	25,913	25,374	1,793	1,756	20,892	20,457			89,664	87,799
Taxation from other governments	526	523	512	510	655	652	45	45	528	526			2,266	2,256
User fees and charges	2,441	2,076	1,185	1,189	13,098	12,615	19,082	18,323	2,099	2,121			37,905	36,324
Government grants	282	263	23	49			1,209	1,422	301	329			1,815	2,063
Interest and penalties	612	561	596	546	763	698	53	48	615	563			2,639	2,416
Investment income	970	1,122	176	271	226	348	15	24	218	313			1,605	2,078
Donations	43	30			10	14			62	73			115	117
Other	835	871	1,493	1,532	958	937	23	16	3,231	2,813			6,540	6,169
St. Catharines Hydro Inc. net income											576	4,466	576	4,466
Gain (loss) on disposal of tangible capital assets	(2)	26	8	(39)	(14)	(498)	(295)	(111)	2	46		(301)		(576)
	26,509	25,842	24,257	23,900	41,609	40,140	21,925	21,523	27,948	27,241	576	4,466	142,824	143,112
Expenditures														
Salaries and wages	18,305	17,444	23,463	22,194	19,171	17,997	5,295	5,411	15,562	15,511			81,796	78,557
Operating materials and supplies	4,016	4,442	1,514	882	7,486	6,506	435	1,531	6,254	6,447			19,705	19,808
Contracted services	3,280	3,057	641	629	6,395	4,582	1,066	1,902	1,992	1,369			13,374	11,539
Rents and financial expenses	337	1,244	8	73	396	976	1,120	451	241	185			2,102	2,929
Interfunctional transfer	(1,823)	(1,786)	284	315	(407)	(390)	2,026	1,924	(80)	(63)				
External transfer	3,099	2,442			10	10	5	5	170	202			3,284	2,659
Amortization	1,726	1,478	966	761	13,613	13,515	4,928	4,681	5,227	4,168			26,460	24,603
Debt service	279	249	91	53	937	962	611	653	1,001	1,074			2,919	2,991
	29,219	28,570	26,967	24,907	47,601	44,158	15,486	16,558	30,367	28,893			149,640	143,086
Annual Surplus (Deficit) Before Other														
Revenue Related to Capital	(2,710)	(2,728)	(2,710)	(1,007)	(5,992)	(4,018)	6,439	4,965	(2,419)	(1,652)	576	4,466	(6,816)	26
Other Revenue Related to Capital														
Government grants					2,967	3,420	5,214	2,479	16,582	6,540			24,763	12,439
Contributions from developers							3,659		1,828				5,487	
Donations									820	756			820	756
					2,967	3,420	8,873	2,479	19,230	7,296			31,070	13,195
Annual Surplus (Deficit)	(2,710)	(2,728)	(2,710)	(1,007)	(3,025)	(598)	15,312	7,444	16,811	5,644	576	4,466	24,254	13,221

See accompanying notes

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THE CORPORATION OF THE CITY OF ST. CATHARINES

SCHEDULES OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2014

(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
	\$	\$	\$	\$	\$	\$	\$	\$
General								
Land	37,727	1,484	6	39,205				39,205
Land improvements	59,093	7,637	101	66,629	23,263	1,895	74	41,545
Buildings, improvements and components	140,772	46,695	116	187,351	35,826	4,070	104	147,559
Machinery and equipment	21,962	2,262	926	23,298	10,327	1,697	923	12,197
Furniture and fixtures	3,476	5,588		9,064	1,331	338		7,395
Information technology	7,186	1,010	382	7,814	3,331	891	348	3,940
Vehicles	42,888	3,354	389	45,853	24,338	3,328	389	18,576
	313,104	68,030	1,920	379,214	98,416	12,219	1,838	108,797
								270,417
Infrastructure								
Land	2,240			2,240				2,240
Land improvements	8,121			8,121	3,111	182		4,828
Buildings, improvements and components	31,211			31,211	6,556	841		23,814
Machinery and equipment	14,486	2,777	571	16,692	8,043	828	388	8,209
Information technology	95			95	61	18		16
Vehicles	9,272	182	400	9,054	5,488	648	397	3,315
Linear	593,594	23,079	1,391	615,282	269,909	11,724	1,238	334,887
	659,019	26,038	2,362	682,695	293,168	14,241	2,023	377,309
Work in Progress	55,243		14,695	40,548				40,548
December 31, 2014	1,027,366	94,068	18,977	1,102,457	391,584	26,460	3,861	414,183
								688,274

See accompanying notes

THE CORPORATION OF THE CITY OF ST. CATHARINES

SCHEDULES OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2014
(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	
	\$	\$	\$	\$	\$	\$	\$
General							
Land	37,634	102	9	37,727			37,727
Land improvements	57,888	1,252	47	59,093	21,536	1,761	35,830
Buildings, improvements and components	129,619	11,153		140,772	32,570	3,256	104,946
Machinery and equipment	21,478	1,926	1,442	21,962	10,141	1,493	11,635
Furniture and fixtures	3,255	223	2	3,476	1,206	127	2,145
Information technology	5,760	2,400	974	7,186	3,206	666	3,855
Vehicles	41,208	1,926	246	42,888	21,340	3,232	18,550
	296,842	18,982	2,720	313,104	89,999	10,535	214,688
Infrastructure							
Land	2,240			2,240			2,240
Land improvements	8,111	10		8,121	2,921	190	5,010
Buildings, improvements and components	31,211			31,211	5,715	841	24,655
Machinery and equipment	13,754	866	134	14,486	7,377	773	6,443
Information technology	95			95	43	18	34
Vehicles	8,543	1,278	549	9,272	5,435	602	3,784
Linear	570,922	24,856	2,184	593,594	260,240	11,644	323,685
	634,876	27,010	2,867	659,019	281,731	14,068	365,851
Work in Progress	39,190	16,053		55,243			55,243
December 31, 2013	970,908	62,045	5,587	1,027,366	371,730	24,603	635,782

See accompanying notes

Crawford, Smith and Swallow
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INDEPENDENT AUDITORS' REPORT - TRUST FUNDS

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

We have audited the 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, 2014 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, 2014 and the continuity of trust funds for the year then ended in accordance with Canadian public sector accounting standards.

St. Catharines, Ontario
June 12, 2015

A handwritten signature in black ink, appearing to read "Crawford, Smith and Swallow", is written over the printed name of the firm.

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, 2014
(In thousands of dollars)

	Total		Cemetery Perpetual Care Fund		Marker Care & Maintenance Fund		Memorial Forest	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Cash	204	186		97	71	70		
Investments (market value 2014 - \$9,481; 2013 - \$9,350)	9,481	9,350	8,033	8,020	575	484		
Due from operating fund	14	16					14	16
	9,699	9,552	8,132	8,117	646	554	14	16
Liabilities and Fund Balances								
Due to operating fund	105	224	25	221	80	3		
Fund balances	9,594	9,328	8,107	7,896	566	551	14	16
	9,699	9,552	8,132	8,117	646	554	14	16

See accompanying notes

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THE CORPORATION OF THE CITY OF ST. CATHARINES
STATEMENT OF FINANCIAL POSITION - TRUST FUNDS

December 31, 2014
(In thousands of dollars)

	Library Endowment & Trust Fund		Museum Lottery & Bingo	
	2014	2013	2014	2013
	\$	\$	\$	\$
Assets				
Cash	34	19		
Investments (market value 2014 - \$9,481; 2013 - \$9,350)	873	846		
Due from operating fund				
	907	865		
Liabilities and Fund Balances				
Due to operating fund				
Fund balances	907	865		
	907	865		

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, 2014

(In thousands of dollars)

	Total		Cemetery Perpetual Care Fund		Marker Care & Maintenance Fund		Memorial Forest	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Balance, Beginning of Year	9,328	9,084	7,896	7,711	551	536	16	11
Receipts								
Sale of plots, crypts and markers	226	200	211	185	15	15		
Ticket sales								
Book revenue	10	10						
Interest	249	291	233	255	2	23		
Gain on sale of investments		11		11				
Donations	28	31					5	8
	513	543	444	451	17	38	5	8
Expenditures								
Contribution to operating fund	242	292	233	266	2	23	7	3
Administration	5	7						
	247	299	233	266	2	23	7	3
Balance, End of Year	9,594	9,328	8,107	7,896	566	551	14	16

See accompanying notes

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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, 2014

(In thousands of dollars)

	Library Endowment & Trust Fund		Museum Lottery & Bingo	
	2014 \$	2013 \$	2014 \$	2013 \$
Balance, Beginning of Year	865	825		1
Receipts				
Sale of plots, crypts and markers				
Ticket sales				
Book revenue	10	10		
Interest	14	13		
Gain on sale of investments				
Donations	23	23		
	47	46		
Expenditures				
Contribution to operating fund				
Administration	5	6		1
	5	6		1
Balance, End of Year	907	865		

See accompanying notes

THE CORPORATION OF THE CITY OF ST. CATHARINES

NOTES TO FINANCIAL STATEMENTS - TRUST FUNDS

for the year ended December 31, 2014

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.

**PORT DALHOUSIE
BUSINESS ASSOCIATION**

Financial Statements

December 31, 2014

PORT DALHOUSIE BUSINESS ASSOCIATION

Financial Statements

December 31, 2014

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PORT DALHOUSIE BUSINESS ASSOCIATION

MANAGEMENT REPORT

December 31, 2014


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, 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 12, 2015

Board Member
February 12, 2015

Crawford, Smith and Swallow
Chartered Accountants LLP

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Port Colborne, Ontario

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, 2014, 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, 2014, 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 & Swallow". The signature is fluid and cursive, with the first name "Crawford" being the most prominent.

St. Catharines, Ontario
February 12, 2015

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP
LICENSED PUBLIC ACCOUNTANTS

PORT DALHOUSIE BUSINESS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

December 31, 2014

	2014 \$	2013 \$
Financial Assets		
Cash	11,361	5,899
HST receivable	1,343	2,061
Due from the City of St. Catharines	1,713	10,460
	14,417	18,420
Liabilities		
Accounts payable and accrued liabilities	950	3,470
Net Financial Assets	13,467	14,950
Non-Financial Assets		
Tangible capital assets - note 2	928	4,158
Prepaid expenses	2,321	2,290
	3,249	6,448
Accumulated Surplus - note 3	16,716	21,398

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, 2014

	(Unaudited) Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Revenues			
Requisition from the City of St. Catharines			
Original	10,000	10,000	15,000
Supplemental taxes			3,043
Taxes written off		(788)	(737)
Net requisition	10,000	9,212	17,306
Interest		23	44
Miscellaneous		5	5
Sign reimbursement from the City of St. Catharines			833
	10,000	9,240	18,188
Expenses			
Administration			5,083
Amortization		3,230	3,803
Bank charges	200	80	103
Cleanup and beautification	1,500	401	
Internet and website	1,750	244	941
Professional fees	1,200	967	967
Promotions and marketing	5,000	7,959	9,313
Rent and utilities	250	481	5,478
Special events		344	
Supplies	100	216	224
	10,000	13,922	25,912
Annual Deficit		(4,682)	(7,724)
Accumulated Surplus, Beginning of Year	21,398	21,398	29,122
Accumulated Surplus, End of Year	21,398	16,716	21,398

See accompanying notes

PORT DALHOUSIE BUSINESS ASSOCIATION

STATEMENT OF CASH FLOWS

for the year ended December 31, 2014

	2014 \$	2013 \$
Operations		
Annual deficit	(4,682)	(7,724)
Uses		
Increase in due from the City of St. Catharines		(10,460)
Decrease in accounts payable and accrued liabilities	(2,520)	
Decrease in deferred revenue		(833)
Increase in prepaid expenses	(31)	(256)
	(2,551)	(11,549)
Sources		
Decrease in HST receivable	718	2,001
Decrease in due from the City of St. Catharines	8,747	
Increase in accounts payable and accrued liabilities		1,380
	9,465	3,381
Non-cash charges to operations		
Amortization of tangible capital assets	3,230	3,803
Increase (Decrease) in Cash Position	5,462	(12,089)
Cash Position, Beginning of Year	5,899	17,988
Cash Position, End of Year	11,361	5,899

See accompanying notes

PORT DALHOUSIE BUSINESS ASSOCIATION

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

for the year ended December 31, 2014

	2014	2013
	\$	\$
Annual Deficit	(4,682)	(7,724)
Amortization of Tangible Capital Assets	3,230	3,803
Change in Prepaid Expenses	(31)	(256)
Decrease in Net Financial Assets	(1,483)	(4,177)
Net Financial Assets, Beginning of Year	14,950	19,127
Net Financial Assets, End of Year	13,467	14,950

See accompanying notes

PORT DALHOUSIE BUSINESS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

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 generally accepted accounting principles 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 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>
Banners	- 5 years
Computers	- 5 years
Lights	- 5 years
Office equipment	- 10 years

PORT DALHOUSIE BUSINESS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

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	2014 Net Book Value	2013 Net Book Value
	\$	\$	\$	\$
Banners	6,869	6,869		686
Computers	848	848		83
Lights	9,280	8,352	928	2,784
Office equipment	4,031	4,031		605
	21,028	20,100	928	4,158

There were no additions of tangible capital assets in 2014 or 2013.

There were no dispositions of tangible capital assets in 2014 or 2013.

3. Accumulated Surplus

	2014 \$	2013 \$
Invested in tangible capital assets	928	4,158
Operating fund		
Reserve fund - contemporary and heritage	15,788	17,240
	16,716	21,398

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.

PORT DALHOUSIE BUSINESS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

5. Related Party Transactions

Accounts receivable includes \$ 1,712 (2013 - \$10,460) due from the City of St. Catharines. Accounts payable and accrued liabilities includes \$ nil (2013 - \$ nil) due to the City of St. Catharines.



**ST. CATHARINES DOWNTOWN
ASSOCIATION**

Financial Statements

December 31, 2014

ST. CATHARINES DOWNTOWN ASSOCIATION

Financial Statements

December 31, 2014

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ST. CATHARINES DOWNTOWN ASSOCIATION

MANAGEMENT REPORT

December 31, 2014

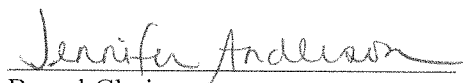
The accompanying financial statements of the St. Catharines Downtown Association (the "Association") are the responsibility of the Association's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered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

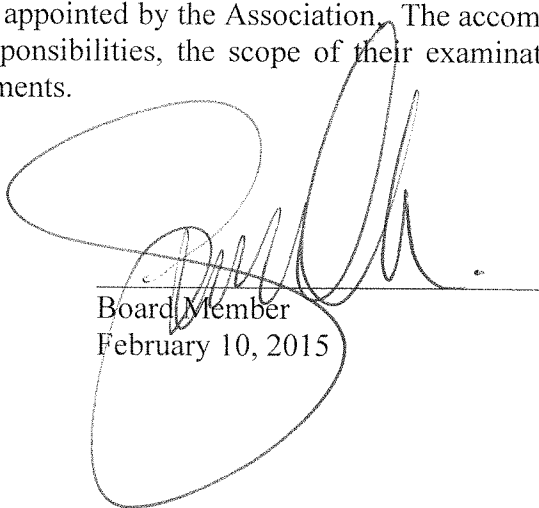
The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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 10, 2015


Board Member
February 10, 2015

Crawford, Smith and Swallow
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Port Colborne, Ontario

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, 2014, 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

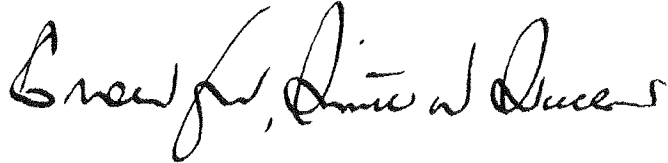
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2014, 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 & Swallow". The signature is written in a cursive, flowing style.

St. Catharines, Ontario
February 10, 2015

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP
LICENSED PUBLIC ACCOUNTANTS


ST. CATHARINES DOWNTOWN ASSOCIATION


STATEMENT OF FINANCIAL POSITION

December 31, 2014

	2014 \$	2013 \$
Financial Assets - note 6		
Cash	433	311
Accounts receivable - note 8	150,815	67,694
	151,248	68,005
Liabilities		
Bank indebtedness - note 6	41,809	973
Bank loan - note 6	3,000	3,000
Accounts payable and accrued liabilities - note 8	17,571	25,406
Provision for redemption of parking tokens - note 2	8,816	6,383
	71,196	35,762
Net Financial Assets	80,052	32,243
Non-Financial Assets		
Prepaid expenses	12,136	12,136
Tangible capital assets - notes 3 and 6	46,392	69,178
	58,528	81,314
Accumulated Surplus - note 5	138,580	113,557

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, 2014

	(Unaudited) Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Revenues			
Requisition from the City of St. Catharines			
Member levies	384,431	384,431	384,431
Supplemental taxes		9,676	3,624
Taxes written-off	(8,090)	(14,822)	(15,503)
Net requisition	376,341	379,285	372,552
Other recoveries from the City of St. Catharines			
Recovery of Christmas expenses		10,000	10,000
Total revenues from the City of St. Catharines	376,341	389,285	382,552
Other revenues			
Events - schedule 1		3,974	10,874
	376,341	393,259	393,426
Expenses - schedule 2			
Administration	158,900	150,231	176,924
Amortization		29,400	29,305
Development	41,000	38,553	33,494
Events	48,500	58,037	62,719
Media and visual marketing	101,000	81,358	115,590
Tourism	10,000	10,657	6,767
	359,400	368,236	424,799
Annual Surplus (Deficit)	16,941	25,023	(31,373)
Accumulated Surplus, Beginning of Year	113,557	113,557	144,930
Accumulated Surplus, End of Year	130,498	138,580	113,557

See accompanying notes

ST. CATHARINES DOWNTOWN ASSOCIATION

STATEMENT OF CASH FLOWS

for the year ended December 31, 2014

	2014 \$	2013 \$
Operations		
Annual surplus (deficit)	25,023	(31,373)
Uses		
Increase in accounts receivable	(83,121)	
Increase in prepaid expenses		(582)
Decrease in accounts payable and accrued liabilities	(7,835)	(2,773)
	(90,956)	(3,355)
Sources		
Decrease in accounts receivable		1,951
Increase in bank indebtedness	37,836	973
Increase in provision for redemption of parking tokens	2,433	17
Increase in bank loan	3,000	3,000
	43,269	5,941
Non-cash charges to operations		
Amortization of tangible capital assets	29,400	29,305
Net change in cash from operations	6,736	518
Capital		
Acquisition of tangible capital assets	(6,614)	(38,416)
Decrease in Cash Position	122	(37,898)
Cash Position, Beginning of Year	311	38,209
Cash Position, End of Year	433	311

See accompanying notes

ST. CATHARINES DOWNTOWN ASSOCIATION

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

for the year ended December 31, 2014

	2014	2013
	\$	\$
Annual Surplus (Deficit)	25,023	(31,373)
Acquisition of Tangible Capital Assets	(6,614)	(38,416)
Amortization of Tangible Capital Assets	29,400	29,305
Change in Prepaid Expenses		(582)
Increase (Decrease) in Net Financial Assets	47,809	(41,066)
Net Financial Assets, Beginning of Year	32,243	73,309
Net Financial Assets, End of Year	80,052	32,243

See accompanying notes

ST. CATHARINES DOWNTOWN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

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 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 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, 2014

1. Significant Accounting Policies - continued

Tangible capital assets - continued

<u>Asset Class</u>	<u>Rate</u>
Banners	- 3 years
Computers	- 3 years
Garbage receptacles	- 10 years
Holiday decor	- 5 years
Kiosks	- 20 years
Planters	- 10 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 \$ 8,816 (2013 - \$ 6,383) represents the estimated value of parking tokens in the hands of merchants and their customers.

3. Tangible Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2014</u>	<u>2013</u>
	\$	\$	\$	\$
Banners	35,363	17,682	17,681	29,469
Computers	1,961	1,824	137	601
Garbage receptacles	12,818	4,880	7,938	9,220
Holiday decor	92,136	75,462	16,674	23,032
Kiosks	44,594	40,632	3,962	6,192
Planters	13,252	13,252		664
	200,124	153,732	46,392	69,178

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, 2014

5. Accumulated Surplus

	2014	2013
	\$	\$
Invested in tangible capital assets	46,392	69,178
Operating fund		
Reserve fund	92,188	44,379
	138,580	113,557

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, 2014, the amount drawn from the line of credit was \$ 3,000 (2013 - \$ 3,000).

7. Lease Commitments

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

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

	\$
2015	6,660
2016	6,660
2017	6,660
2018	3,330

8. Related Party Transactions

Accounts receivable includes \$ 123,257 (2013 - \$ 28,453) due from the City of St. Catharines. Accounts payable and accrued liabilities includes \$ nil (2013 - \$ 572) due to the City of St. Catharines.

Accounts payable and accrued liabilities includes \$ nil (2013 - \$ 500) due to the St. Catharines Transit Commission.

9. Comparative Figures

Certain prior year balances have been reclassified to conform with current year presentation.

ST. CATHARINES DOWNTOWN ASSOCIATION

SCHEDULE OF REVENUES

Schedule 1

for the year ended December 31, 2014

	(Unaudited) Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Events			
Christmas			350
Classic Car Show		1,722	7,334
Full moon tours		2,127	1,152
Historical ghost walking tours		125	2,038
Winterfest			
		3,974	10,874

See accompanying notes

ST. CATHARINES DOWNTOWN ASSOCIATION**SCHEDULE OF EXPENSES****Schedule 2**

for the year ended December 31, 2014

	(Unaudited) Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Administration			
Banking charges		1,520	1,380
Communications equipment	11,000	10,029	11,382
Insurance	800	1,124	753
Professional fees	7,000	4,706	4,859
Rent	14,700	14,653	14,276
Salaries and payroll taxes	120,900	115,231	140,269
Supplies	4,500	2,968	4,005
	158,900	150,231	176,924
Amortization			
Banners		11,788	5,894
Computers		464	653
Garbage receptacles		1,282	1,735
Holiday decor		12,972	16,799
Kiosks		2,230	2,230
Planters		664	1,994
		29,400	29,305
Development			
Annual general meeting	2,000	1,429	1,903
Business Development Program	1,500	1,527	1,117
Committee/board/staff development	3,000	3,997	4,409
Development/revitalization	2,000	1,925	427
Membership/resources	1,000	1,778	886
Newsletter/supplements	500	340	367
Safety	30,000	27,433	21,706
Website	1,000	124	2,679
	41,000	38,553	33,494

See accompanying notes

ST. CATHARINES DOWNTOWN ASSOCIATION**SCHEDULE OF EXPENSES****Schedule 2 - continued**

for the year ended December 31, 2014

	(Unaudited) Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Events			
Christmas	15,000	27,363	24,394
Classic Car Show	15,000	15,374	21,078
Downtown D'Lish	8,000	9,325	11,413
Full moon tours		543	1,068
Historical ghost walking tours	500	569	2,911
My Downtown			1,855
Winterfest	10,000	4,863	
	48,500	58,037	62,719
Media and Visual Marketing			
Beautification/maintenance/identification	18,000	17,521	16,173
General marketing	70,000	57,012	92,799
Kiosks	1,000	222	322
Mini-lights	7,000	1,348	1,348
Sponsorship	5,000	5,255	4,948
	101,000	81,358	115,590
Tourism			
Advertising	10,000	10,657	6,207
Membership directory			560
	10,000	10,657	6,767

See accompanying notes

*crawford
smith &
swallow*

ST. CATHARINES PUBLIC LIBRARY BOARD

Financial Statements

December 31, 2014

ST. CATHARINES PUBLIC LIBRARY BOARD

Financial Statements

December 31, 2014

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ST. CATHARINES PUBLIC LIBRARY BOARD

MANAGEMENT REPORT

December 31, 2014


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, 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.

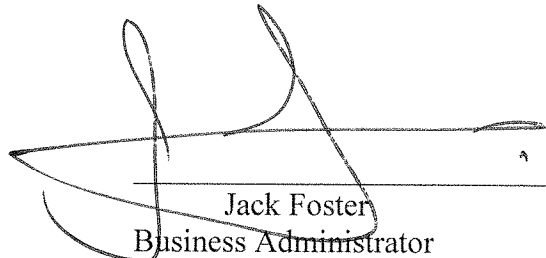
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis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



Les McDonald
Chair
April 17, 2015



Jack Foster
Business Administrator
April 17, 2015

Crawford, Smith and Swallow
Chartered Accountants LLP

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Port Colborne, Ontario

INDEPENDENT AUDITORS' REPORT

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, 2014, 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, change in net financial assets for the years ended December 31, 2014 and December 31, 2013, assets at December 31, 2014 and December 31, 2013 and accumulated surplus as at January 1 and December 31, for both the 2014 and 2013 years. Our audit opinion on the financial statements for the year ended December 31, 2013 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, 2014, 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 17, 2015

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP

LICENSED PUBLIC ACCOUNTANTS

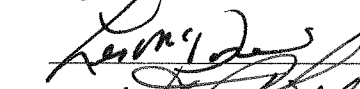
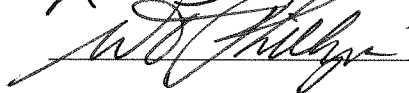
ST. CATHARINES PUBLIC LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION

December 31, 2014

	2014 \$	2013 \$
Financial Assets		
Cash - note 2	3,512,173	3,011,147
Investments - note 3	1,100,192	1,070,710
Accounts receivable	52,653	47,132
	4,665,018	4,128,989
Liabilities		
Accounts payable and accrued liabilities	411,237	320,433
Deferred income	42,400	52,211
Post-employment benefits - note 4	373,908	364,715
Long-term liabilities - note 5	1,434,396	1,499,212
	2,261,941	2,236,571
Net Financial Assets	2,403,077	1,892,418
Non-Financial Assets		
Tangible capital assets - schedule 1	7,844,212	7,848,363
Prepaid expenses	37,165	85,248
	7,881,377	7,933,611
Accumulated Surplus - note 6	10,284,454	9,826,029

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, 2014

	(Unaudited) Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Revenues			
Municipal contribution - City of St. Catharines	5,419,300	5,419,300	5,343,000
Province of Ontario regular grant	228,600	228,616	228,616
Special grants		22,025	12,267
Other - schedule 3	192,570	248,008	249,916
	5,840,470	5,917,949	5,833,799
Expenses			
Salaries, wages and payroll taxes - schedule 4	4,034,900	3,620,858	3,597,296
Library materials - schedule 4	151,500	236,476	180,524
Occupancy - schedule 4	514,600	439,378	437,417
General and administration - schedule 4	248,450	226,870	203,835
Interest		61,198	63,608
Amortization		874,744	858,216
	4,949,450	5,459,524	5,340,896
Annual Surplus	891,020	458,425	492,903
Accumulated Surplus, Beginning of Year	9,826,029	9,826,029	9,333,126
Accumulated Surplus, End of Year	10,717,049	10,284,454	9,826,029

See accompanying notes

ST. CATHARINES PUBLIC LIBRARY BOARD**STATEMENT OF CASH FLOWS**

for the year ended December 31, 2014

	2014 \$	2013 \$
Operations		
Annual surplus	458,425	492,903
Uses		
Increase in accounts receivable	(5,521)	(6,927)
Increase in prepaid expenses		(11,936)
Decrease in accounts payable and accrued liabilities		(27,286)
Decrease in deferred income	(9,811)	
	(15,332)	(46,149)
Sources		
Decrease in prepaid expenses	48,083	
Increase in accounts payable and accrued liabilities	90,804	
Increase in deferred income		7,934
Increase in post-employment benefits	9,193	6,710
	148,080	14,644
Non-cash charges to operations		
Amortization of tangible capital assets	874,744	858,216
Net change in cash from operations	1,465,917	1,319,614
Investing		
Increase in investments	(29,482)	(61,943)
Capital		
Acquisition of tangible capital assets	(870,593)	(899,070)
Financing		
Long-term debt repaid	(64,816)	(62,422)
Increase in Cash Position	501,026	296,179
Cash Position, Beginning of Year	3,011,147	2,714,968
Cash Position, End of Year	3,512,173	3,011,147

See accompanying notes

ST. CATHARINES PUBLIC LIBRARY BOARD

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

for the year ended December 31, 2014

	2014 \$	2013 \$
Annual Surplus	458,425	492,903
Acquisition of Tangible Capital Assets	(870,593)	(899,070)
Amortization of Tangible Capital Assets	874,744	858,216
Change in Prepaid Expenses	48,083	(11,936)
Increase in Net Financial Assets	510,659	440,113
Net Financial Assets, Beginning of Year	1,892,418	1,452,305
Net Financial Assets, End of Year	2,403,077	1,892,418

See accompanying notes

ST. CATHARINES PUBLIC LIBRARY BOARD

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

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	- 25-75 years
Building improvements	- 20-30 years
Collection	- 7 years
Furniture and equipment	- 10-100 years
Information technology	- 3-10 years

ST. CATHARINES PUBLIC LIBRARY BOARD

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

1. Significant Accounting Policies - continued

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. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results.

2. Cash

The total balance of cash is comprised of the following:

	2014 \$	2013 \$
Cash - operating	3,478,175	2,991,866
Cash - trust funds	33,998	19,281
	3,512,173	3,011,147

3. Investments

The total balance of investments is comprised of the following:

	2014 \$	2013 \$
Investments - operating fund	227,211	224,633
Investments - trust funds	872,981	846,077
	1,100,192	1,070,710

4. Post-Employment Benefits

	2014 \$	2013 \$
Vacation pay	43,650	49,519
Post-retirement benefits	330,258	315,197
	373,908	364,716

ST. CATHARINES PUBLIC LIBRARY BOARD

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

4. Post-Employment Benefits - continued

Vacation Pay

As at December 31, 2014 employees of the St. Catharines Public Library Board have accumulated vacation credits in the amount of \$ 43,650 (2012 - \$ 49,518). 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 4.25% (2013 - 4.25%).

Defined Benefit Plan Information

	2014 \$	2013 \$
Employee benefit plan assets		
Employee benefit plan liabilities	330,258	315,197
Employee benefit plan deficit	330,258	315,197
<hr/>		
	2014 \$	2013 \$
Accrued benefit obligation, beginning of year	315,197	299,063
Expense for the year	21,483	20,355
Amortization of actuarial gain	(2,606)	(2,606)
Benefits paid during the year	(3,816)	(1,615)
Accrued benefit obligation, end of year	330,258	315,197

As a result of an actuarial valuation conducted in 2014 for the year ending December 31, 2013, it was determined that an actuarial gain of \$ 32,598 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 \$ 2,606 per annum. The unamortized value remaining is \$ 23,452. The actual obligation is \$ 306,806.

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% in 2014 and thereafter.

Salary Levels - Future salary and wage levels were assumed to increase at 2.0% per annum for the year 2010 through 2015 and 3.30% thereafter.

Medical Costs - Medical costs were assumed to increase at a rate of 6.70%, graded down to 6.40% in 2015, 6.10% in 2016, 5.80% in 2017, 5.50% in 2018, 5.20% in 2019, 4.90% in 2020, and 4.60% in 2021 and each year thereafter.

Dental Costs - Dental costs were assumed to increase at a rate of 4.6% in 2014 and each year thereafter.

ST. CATHARINES PUBLIC LIBRARY BOARD

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

5. Long-Term Liabilities

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

	2014 \$	2013 \$
Long-term liabilities incurred by the Board which bear interest at 3.8%	1,434,396	1,499,212

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

	\$
2015	67,303
2016	69,885
2017	72,566
2018	75,349
2019	78,240
Thereafter	1,071,053

- (c) Interest expense on long-term liabilities amounted to \$ 61,198 (2013 - \$ 63,608) for the year.

6. Accumulated Surplus

	2014 \$	2013 \$
Invested in tangible capital assets	7,844,212	7,848,363
Operating fund	75,000	89,800
Reserve funds	3,266,567	2,886,436
Trust funds		
Architects	758	757
Nevada tickets	3,737	3,715
Endowment and trust	902,484	860,885
	906,979	865,357
Amount to be recovered - post-employment benefits	(373,908)	(364,715)
Amount to be recovered - long-term liabilities	(1,434,396)	(1,499,212)
	10,284,454	9,826,029

ST. CATHARINES PUBLIC LIBRARY BOARD

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

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.

Nevada tickets fund

This fund has been allocated by the Board for the same purpose as the Endowment and Trust fund as detailed above. These funds along with accumulated interest are maintained in a separate bank account at TD Canada Trust.

8. Long-Term Leases

Dr. Huq Family Library Branch

As at December 31, 2014, the lease for the Dr. Huq Family Library Branch with the City of St. Catharines is still being negotiated.

William Hamilton Merritt Branch

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

	\$
2015	40,375
2016	9,956
2017	

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, 2014

9. Pension Agreements

The Board makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 58 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 2014 was \$ 177,200 (2013 - \$ 190,401) for current service and is included as an expenditure in the statement of operations and accumulated surplus.

On January 1, 2014, the yearly maximum pension earnings increased to \$ 52,500 from \$ 51,100 in 2013. The contributions are calculated at a rate of 9% (9% - 2013) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (14.6% - 2013) 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

ST. CATHARINES PUBLIC LIBRARY BOARD
SCHEDULE OF TANGIBLE CAPITAL ASSETS
for the year ended December 31, 2014

Schedule 1

	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		
	\$	\$	\$	\$	\$	\$	\$	\$
Land	25,138			25,138				25,138
Buildings	7,128,200			7,128,200	2,569,667	88,150	2,657,817	4,470,383
Building improvements	386,555	41,312		427,867	25,244	13,334	38,578	389,289
Collection	4,861,335	722,236	586,466	4,997,105	2,380,087	705,830	2,499,451	2,497,654
Furniture and equipment	587,955	6,126		594,081	230,268	25,897	256,165	337,916
IT equipment	489,006	100,919		589,925	424,560	41,533	466,093	123,832
December 31, 2014	13,478,189	870,593	586,466	13,762,316	5,629,826	874,744	5,918,104	7,844,212
Land	25,138			25,138				25,138
Buildings	7,128,200			7,128,200	2,484,892	84,775	2,569,667	4,558,533
Building improvements	208,307	178,248		386,555	16,497	8,747	25,244	361,311
Collection	4,903,458	667,722	709,845	4,861,335	2,390,791	699,141	2,380,087	2,481,248
Furniture and equipment	561,121	26,834		587,955	205,281	24,987	230,268	357,687
IT equipment	484,997	26,266	22,257	489,006	406,251	40,566	424,560	64,446
December 31, 2013	13,311,221	899,070	732,102	13,478,189	5,503,712	858,216	5,629,826	7,848,363

See accompanying notes

ST. CATHARINES PUBLIC LIBRARY BOARD**SCHEDULE OF TRUST FUND ACTIVITIES****Schedule 2**

for the year ended December 31, 2014

	Nevada Tickets Fund \$	Architects Fund \$	Endowment and Trust Fund \$	2014 Total \$	2013 Total \$
Revenues					
Book revenue			10,002	10,002	10,158
Donations			22,719	22,719	23,482
Interest	22	1	13,822	13,845	12,662
	22	1	46,543	46,566	46,302
Expenditures					
Library materials			4,944	4,944	5,610
Net Change in Trust Fund	22	1	41,599	41,622	40,692
Trust Fund, Beginning of Year	3,715	757	860,885	865,357	824,665
Trust Fund, End of Year	3,737	758	902,484	906,979	865,357

See accompanying notes

ST. CATHARINES PUBLIC LIBRARY BOARD

SCHEDULE OF OTHER REVENUE

Schedule 3

for the year ended December 31, 2014

	(Unaudited)		
	Budget	Actual	Actual
	2014	2014	2013
	\$	\$	\$
Fines and memberships	117,000	100,418	111,033
Interest	26,000	50,573	45,475
Photocopying	4,470	4,356	4,203
Programming fees	9,500	8,455	8,379
Sundry	35,600	51,485	47,186
Donations		22,719	23,482
Book revenue		10,002	10,158
	192,570	248,008	249,916

See accompanying notes

ST. CATHARINES PUBLIC LIBRARY BOARD**SCHEDULE OF EXPENSES****Schedule 4**

for the year ended December 31, 2014

	(Unaudited) Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Salaries, Wages and Payroll Taxes			
Library and clerical	3,155,427	2,874,543	2,847,961
Maintenance	183,373	150,934	149,929
Payroll taxes	696,100	595,381	599,406
	4,034,900	3,620,858	3,597,296
Library Materials			
Audio		31,183	808
Binding	5,050	5,351	12,076
Books		35,323	36,917
Microfilm	8,600	9,629	8,528
Periodicals	115,650	131,652	94,347
Processing	22,200	23,338	20,852
Visual			6,996
	151,500	236,476	180,524
Occupancy			
Communications	38,100	36,261	36,209
Insurance	28,850	28,251	28,291
Rent and taxes	121,000	57,518	58,044
Repairs and maintenance	135,500	129,834	130,159
Security	15,150	15,150	15,120
Utilities	176,000	172,364	169,594
	514,600	439,378	437,417
General and Administration			
Audio visual supplies	4,000	1,775	2,371
Data processing	9,750	9,720	9,466
Equipment rental	8,000	7,909	5,799
Equipment repairs and maintenance	96,500	79,411	73,646
Library supplies	34,000	29,076	31,133
Printing and stationary	3,700	2,099	4,012
Professional fees	26,500	26,078	11,559
Programming	10,800	8,126	10,567
Sundry	13,700	21,794	18,299
Training and development	14,500	14,161	10,744
Transportation and postage	27,000	26,721	26,239
	248,450	226,870	203,835

See accompanying notes

**ST. CATHARINES TRANSIT COMMISSION
- URBAN SERVICE**

Financial Statements

December 31, 2014

ST. CATHARINES TRANSIT COMMISSION - URBAN SERVICE

Financial Statements

December 31, 2014

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ST. CATHARINES TRANSIT COMMISSION - URBAN SERVICE

MANAGEMENT REPORT

December 31, 2014

The accompanying financial statements of the St. Catharines Transit Commission - Urban Service (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
March 20, 2015



General Manager
David Sherlock
March 20, 2015

Crawford, Smith and Swallow
Chartered Accountants LLP

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St. Catharines, Ontario
L2N 4H6
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smith &
swallow**

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St. Catharines, Ontario
Fort Erie, Ontario
Niagara-on-the-Lake, Ontario
Port Colborne, Ontario

INDEPENDENT AUDITORS' REPORT

To the Commissioners of the St. Catharines Transit Commission - Urban Service,
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 - Urban Service, which comprise the statement of financial position as at December 31, 2014, 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 - Urban Service as at December 31, 2014, 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
March 20, 2015



CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP
LICENSED PUBLIC ACCOUNTANTS


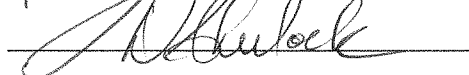
ST. CATHARINES TRANSIT COMMISSION - URBAN SERVICE

STATEMENT OF FINANCIAL POSITION

December 31, 2014

	2014 \$	2013 \$
Financial Assets		
Cash	245,420	795,291
Accounts receivable	612,004	652,741
Due from Paratransit System of St. Catharines - note 5	1,515,735	1,238,278
	2,373,159	2,686,310
Liabilities		
Accounts payable and accrued liabilities	943,766	1,010,965
Deferred income	62,088	43,552
Due to City of St. Catharines - note 4	1,874,322	1,915,285
Employee future benefits - note 2	1,711,156	1,685,284
	4,591,332	4,655,086
Net Financial Liabilities	(2,218,173)	(1,968,776)
Non-Financial Assets		
Tangible capital assets - schedule 1	25,219,877	25,568,008
Inventories	575,108	547,495
Prepaid expenses	111,505	49,060
	25,906,490	26,164,563
Accumulated Surplus - note 3	23,688,317	24,195,787

Signed on behalf of the Service:

 Chairman
 Member

See accompanying notes

ST. CATHARINES TRANSIT COMMISSION - URBAN SERVICE
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
for the year ended December 31, 2014

	(Unaudited) Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Revenues			
Municipal contribution -			
City of St. Catharines	7,752,935	11,152,583	10,731,078
Passenger farebox income	8,779,089	8,386,320	8,017,161
Thorold service municipal contribution	611,616	604,068	572,516
Intown charters	55,000	95,670	56,048
School Board farecard income	141,806	66,386	192,998
Inter-municipal transit contract	851,010	871,701	844,905
Bus advertising	110,000	110,000	110,000
Shelter advertising	89,400	93,054	94,757
Other income	135,000	117,616	218,961
	18,525,856	21,497,398	20,838,424
Expenses			
Transportation - schedule 2	9,139,969	9,032,238	8,549,671
Fuel - schedule 2	2,840,949	2,807,812	2,557,137
Equipment and vehicle maintenance - schedule 2	3,076,980	3,370,512	2,942,246
Premises and plant - schedule 2	844,408	851,375	841,308
General and administration - schedule 2	2,623,550	2,640,374	2,439,213
Amortization		3,274,224	3,085,781
Loss on disposal of tangible capital assets		28,333	444,050
	18,525,856	22,004,868	20,859,406
Annual Deficit		(507,470)	(20,982)
Accumulated Surplus, Beginning of Year	24,195,787	24,195,787	24,216,769
Accumulated Surplus, End of Year	24,195,787	23,688,317	24,195,787

See accompanying notes

ST. CATHARINES TRANSIT COMMISSION - URBAN SERVICE

STATEMENT OF CASH FLOWS

for the year ended December 31, 2014

	2014 \$	2013 \$
Operations		
Annual deficit	(507,470)	(20,982)
Uses		
Increase in accounts receivable		(16,845)
Increase in due from Paratransit System of St. Catharines	(277,457)	(90,472)
Increase in inventories	(27,613)	(20,043)
Increase in prepaid expenses	(62,445)	
Decrease in accounts payable and accrued liabilities	(67,199)	(291,322)
Decrease in deferred income		(369,312)
Decrease in due to City of St. Catharines	(40,963)	
	(475,677)	(787,994)
Sources		
Decrease in accounts receivable	40,737	
Decrease in prepaid expenses		484,362
Increase in deferred income	18,536	
Increase in due to City of St. Catharines		225,423
Increase in employee future benefits	25,872	43,994
	85,145	753,779
Non-cash charges to operations		
Amortization of tangible capital assets	3,274,224	3,085,781
Loss on disposal of tangible capital assets	28,333	444,050
	3,302,557	3,529,831
Net change in cash from operations	2,404,555	3,474,634
Capital		
Acquisition of tangible capital assets	(2,954,426)	(3,542,648)
Decrease in Cash Position	(549,871)	(68,014)
Cash Position, Beginning of Year	795,291	863,305
Cash Position, End of Year	245,420	795,291

See accompanying notes

ST. CATHARINES TRANSIT COMMISSION - URBAN SERVICE

STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

for the year ended December 31, 2014

	2014 \$	2013 \$
Annual Deficit	(507,470)	(20,982)
Acquisition of Tangible Capital Assets	(2,954,426)	(3,542,648)
Amortization of Tangible Capital Assets	3,274,224	3,085,781
Loss on Disposal of Tangible Capital Assets	28,333	444,050
Change in Inventories	(27,613)	(20,043)
Change in Prepaid Expenses	(62,445)	484,362
Decrease (Increase) in Net Financial Liabilities	(249,397)	430,520
Net Financial Liabilities, Beginning of Year	(1,968,776)	(2,399,296)
Net Financial Liabilities, End of Year	(2,218,173)	(1,968,776)

See accompanying notes

ST. CATHARINES TRANSIT COMMISSION - URBAN SERVICE

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

Organization

The St. Catharines Transit Commission (the "Service") was established pursuant to the St. Catharines Act 1961. 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 established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. 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:

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 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 tangible capital assets."

<u>Asset Class</u>	<u>Period</u>
Land improvements	- 15 - 25 years
Building	- 25 - 75 years
Structures	- 10 - 25 years
Equipment	- 10 - 30 years
Furniture	- 20 years
IT equipment	- 3 - 15 years
Vehicles	- 5 - 20 years

Inventories

Inventories are valued at lower of cost and replacement cost.

ST. CATHARINES TRANSIT COMMISSION - URBAN SERVICE

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

1. Significant Accounting Policies - continued

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 only the operations of the Service. The operations of the Paratransit System of St. Catharines are reported separately.

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.

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. Employee Future Benefits

	2014	2013
	\$	\$
Vacation pay	38,634	61,212
Post-retirement benefits	1,672,522	1,624,072
	1,711,156	1,685,284

Vacation Pay

As at December 31, 2014, employees of the Service have accumulated vacation pay credits in the amount of \$ 38,634 (2013 - \$ 61,212). 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 4.25% (2013 - 4.75%).

ST. CATHARINES TRANSIT COMMISSION - URBAN SERVICE

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

2. Employee Future Benefits - continued

Defined Benefit Plan Information

	2014 \$	2013 \$
Employee benefit plan assets		
Employee benefit plan liabilities	1,672,522	1,624,072
Employee benefit plan deficit	1,672,522	1,624,072
Accrued benefit obligation, beginning of year	1,624,072	1,561,994
Expense for the year	156,922	151,747
Amortization of actuarial losses	12,564	12,564
Benefits paid during the year	(121,036)	(102,233)
Accrued benefit obligation, end of year	1,672,522	1,624,072

As a result of an actuarial valuation conducted in 2014 for the year ending December 31, 2013, it was determined that an actuarial loss of \$ 138,201 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 \$ 12,564 per annum. The unamortized value remaining is \$ 113,073. The actual obligation is \$ 1,785,595.

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 2014 and thereafter.

Salary Levels - Future salary and wage levels were assumed to increase at 2.0% per annum for the year 2014 and thereafter.

Medical Costs - Medical costs were assumed to increase at a rate of 6.70%, graded down to 6.40% in 2015, 6.10% in 2016, 5.80% in 2017, 5.50% in 2018, 5.20% in 2019, 4.90% in 2020, and 4.60% in 2021 and each year thereafter.

Dental Costs - Dental costs were assumed to increase at a rate of 4.60% in 2014 and each year thereafter.

3. Accumulated Surplus

	2014 \$	2013 \$
Invested in tangible capital assets	25,219,877	25,568,008
Operating fund		
Reserve fund for future tangible capital assets	154,173	287,640
Investment by the City of St. Catharines	25,423	25,423
Amount to be recovered - employee future benefits	(1,711,156)	(1,685,284)
	23,688,317	24,195,787

ST. CATHARINES TRANSIT COMMISSION - URBAN SERVICE

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

4. Economic Dependence

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

5. Related Party Transactions

The Service charges the Paratransit System of St. Catharines for certain costs. These charges are as follows:

	2014	2013
	\$	\$
Transportation	5,892	7,285
Fuel	1,100	1,104
Equipment and vehicle maintenance	1,100	1,104
Plant and premises	36,722	36,216
General administration	4,210	4,379

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

	2014	2013
	\$	\$
Data processing	9,465	9,465
Downtown bus terminal rent	1	1
2012 First Street Louth land and building lease	1	1

Included in accounts receivable and accounts payable is \$ nil and \$ nil respectively, (2013 - \$ nil and \$ 233) due from and to the Corporation of the City of St. Catharines.

ST. CATHARINES TRANSIT COMMISSION - URBAN SERVICE

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

6. Pension Agreement

The Service makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 150 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 2014 was \$ 882,107 (2013 - \$ 787,084) for current service and is included as an expense on the statement of operations and accumulated surplus.

On January 1, 2014, the yearly maximum pension earnings increased to \$ 52,500 from \$ 51,100 in 2013. The contributions are calculated at a rate of 9% (9% - 2013) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (14.6% - 2013) for amounts above the yearly maximum pension earnings.

ST. CATHARINES TRANSIT COMMISSION - URBAN SERVICE

SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2014

Schedule 1

	Cost			Accumulated Amortization			Net Book Value
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Amortization	Disposals	
	\$	\$	\$	\$	\$	\$	\$
Land	357,225			357,225			357,225
Land improvements	740,972	29,551		770,523	17,363		227,119
Buildings	7,062,300	224,335		7,286,635	102,127		5,061,183
Structures	1,258,226			1,258,226	64,173		1,031,191
Equipment	3,696,977	3,040		3,700,017	185,389		2,257,752
Furniture	11,036			11,036	552		9,656
IT equipment	2,239,407	256,655	151,724	2,344,338	228,152	123,391	1,863,925
Vehicles	33,459,227	2,450,375	37,000	35,872,602	2,676,468	37,000	14,376,736
Work in progress	44,620	(9,530)		35,090			35,090
December 31, 2014	48,869,990	2,954,426	188,724	51,635,692	3,274,224	160,391	25,219,877
Land	357,225			357,225			357,225
Land improvements	715,023	25,949		740,972	15,514		214,931
Buildings	7,062,300			7,062,300	94,370		4,938,975
Structures	182,775	1,075,451		1,258,226	38,862		1,095,364
Equipment	3,578,975	118,002		3,696,977	182,030		2,440,101
Furniture	11,036			11,036	552		10,208
IT equipment	1,088,000	1,830,107	678,700	2,239,407	139,016	246,950	1,863,755
Vehicles	32,025,715	1,518,512	85,000	33,459,227	2,615,437	72,700	14,602,829
Work in progress	1,069,993	(1,025,373)		44,620			44,620
December 31, 2013	46,091,042	3,542,648	763,700	48,869,990	3,085,781	319,650	25,568,008

See accompanying notes

ST. CATHARINES TRANSIT COMMISSION - URBAN SERVICE

SCHEDULE OF EXPENSES

Schedule 2

for the year ended December 31, 2014

	(Unaudited) Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Transportation			
Bus operators wages	6,510,264	6,556,255	5,951,584
Payroll taxes	2,234,648	2,074,675	2,261,916
	8,744,912	8,630,930	8,213,500
Thorold Transcab service	202,307	193,253	162,901
Uniforms	36,000	48,318	39,450
Licences	38,750	39,322	27,230
Fare media	70,000	65,059	58,252
Miscellaneous	48,000	55,356	48,338
	9,139,969	9,032,238	8,549,671
Fuel			
Gasoline and diesel fuel	2,735,949	2,706,491	2,488,650
Lubricants	105,000	101,321	68,487
	2,840,949	2,807,812	2,557,137
Equipment and Vehicle Maintenance			
Mechanics wages	1,027,754	1,073,023	947,302
Servicemen wages	418,847	435,707	394,492
Mechanics payroll taxes	378,235	372,292	329,555
Servicemen payroll taxes	155,600	158,109	149,188
	1,980,436	2,039,131	1,820,537
Bus tires	105,000	92,822	86,656
Materials	936,756	1,176,824	983,947
Radios	12,000	11,534	6,971
Service and staff vehicles	15,375	20,489	14,150
Mechanics tool replacements	6,000	10,429	8,019
Miscellaneous	21,413	19,283	21,966
	3,076,980	3,370,512	2,942,246

See accompanying notes

ST. CATHARINES TRANSIT COMMISSION - URBAN SERVICE

SCHEDULE OF EXPENSES

Schedule 2 - continued

for the year ended December 31, 2014

	(Unaudited)		
	Budget	Actual	Actual
	2014	2014	2013
	\$	\$	\$
Premises and Plant			
Utilities	180,000	137,347	150,413
Garage supplies	40,000	49,808	47,762
Building maintenance and janitorial	215,000	233,217	238,361
Bus shelters	11,000	8,964	7,027
Property taxes	132,000	123,191	118,463
Fire and boiler insurance	6,408	6,992	6,209
Carlisle Square terminal maintenance	260,000	291,856	273,073
	844,408	851,375	841,308
General and Administration			
Salaries	1,307,027	1,312,995	1,242,445
Payroll taxes	460,617	463,311	474,276
	1,767,644	1,776,306	1,716,721
Insurance	494,937	481,881	345,142
Office	149,809	150,459	159,378
Telephone	45,060	52,519	48,402
Professional fees	28,000	23,351	23,751
Advertising	60,000	64,514	70,623
Miscellaneous	78,100	91,344	75,196
	2,623,550	2,640,374	2,439,213

See accompanying notes

**PARATRANSIT SYSTEM
OF ST. CATHARINES**

Financial Statements

December 31, 2014

PARATRANSIT SYSTEM OF ST. CATHARINES

Financial Statements

December 31, 2014

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PARATRANSIT SYSTEM OF ST. CATHARINES

MANAGEMENT REPORT

December 31, 2014


The accompanying financial statements of the Paratransit System of St. Catharines (the "System") are the responsibility of the System'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.


System 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 System 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 System. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the System's financial statements.



Commission Chair
Richard Werner
March 20, 2015



General Manager
Dave Sherlock
March 20, 2015

Crawford, Smith and Swallow
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Port Colborne, Ontario

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Paratransit System of St. Catharines, which comprise the statement of financial position as at December 31, 2014, 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.

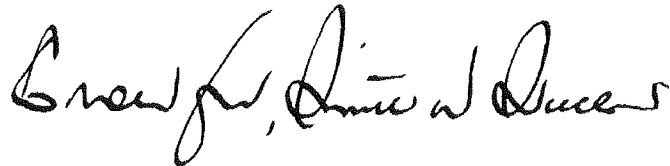
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Paratransit System of St. Catharines as at December 31, 2014, 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
March 20, 2015

A handwritten signature in black ink, appearing to read "Crawford, Smith and Swallow", is written over the printed name of the firm.

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP
LICENSED PUBLIC ACCOUNTANTS

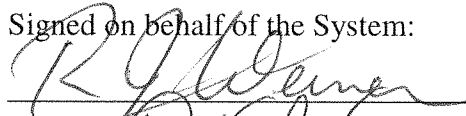
PARATRANSIT SYSTEM OF ST. CATHARINES

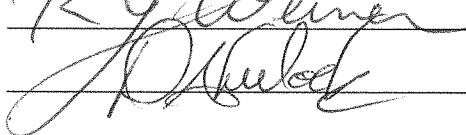
STATEMENT OF FINANCIAL POSITION

December 31, 2014

	2014 \$	2013 \$
Financial Assets		
Cash	74,305	58,029
Due from City of St. Catharines - note 3	1,578,387	1,306,330
	1,652,692	1,364,359
Liabilities		
Accounts payable and accrued liabilities	1,850	1,850
Due to St. Catharines Transit Commission - Urban Service - note 5	1,515,735	1,238,278
	1,517,585	1,240,128
Net Financial Assets	135,107	124,231
Non-Financial Assets		
Tangible capital assets - schedule 1	678,380	418,776
Accumulated Surplus - note 2	813,487	543,007

Signed on behalf of the System:

 Chairman

 Member

See accompanying notes

PARATRANSIT SYSTEM OF ST. CATHARINES

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

for the year ended December 31, 2014

	(Unaudited) Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Revenues			
Municipal contribution - City of St. Catharines	1,260,012	1,578,387	1,306,330
Passenger farebox	93,720	97,102	93,867
Thorold contract services	68,000	80,461	70,779
Donations		10,400	13,900
Interest		476	373
	1,421,732	1,766,826	1,485,249
Expenses			
Transportation - schedule 2	685,897	671,851	682,174
Fuel - schedule 2	81,100	72,950	71,799
Equipment and vehicle maintenance - schedule 2	197,376	192,114	172,816
Plant and premises - schedule 2	36,496	36,722	36,216
General administration - schedule 2	225,893	231,017	205,057
Taxi contract	103,200	96,897	88,892
Thorold Paratransit services	91,770	82,123	72,749
Amortization		112,672	90,990
	1,421,732	1,496,346	1,420,693
Annual Surplus		270,480	64,556
Accumulated Surplus, Beginning of Year	543,007	543,007	478,451
Accumulated Surplus, End of Year	543,007	813,487	543,007

See accompanying notes

PARATRANSIT SYSTEM OF ST. CATHARINES

STATEMENT OF CASH FLOWS

for the year ended December 31, 2014

	2014 \$	2013 \$
Operations		
Annual surplus	270,480	64,556
Uses		
Increase in due from City of St. Catharines	(272,057)	(151,274)
Sources		
Decrease in accounts receivable		202,077
Increase in due to St. Catharines Transit Commission - Urban Service	277,457	90,472
	277,457	292,549
Non-cash charges to operations		
Amortization on tangible capital assets	112,672	90,990
Net change in cash from operations	388,552	296,821
Capital		
Acquisition of tangible capital assets	(372,276)	(282,548)
Increase in Cash Position	16,276	14,273
Cash Position, Beginning of Year	58,029	43,756
Cash Position, End of Year	74,305	58,029

See accompanying notes

PARATRANSIT SYSTEM OF ST. CATHARINES

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

for the year ended December 31, 2014

	2014 \$	2013 \$
Annual Surplus	270,480	64,556
Acquisition of Tangible Capital Assets	(372,276)	(282,548)
Amortization of Tangible Capital Assets	112,672	90,990
Increase (Decrease) in Net Financial Assets	10,876	(127,002)
Net Financial Assets, Beginning of Year	124,231	251,233
Net Financial Assets, End of Year	135,107	124,231

See accompanying notes

PARATRANSIT SYSTEM OF ST. CATHARINES

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

Organization

The Paratransit System of St. Catharines (the "System") was established pursuant to a City of St. Catharines (the "City") by-law in 1979. The System provides transportation to physically challenged residents within the City in a safe, courteous and reliable manner.

1. Significant Accounting Policies

The financial statements of the System are the representations of management prepared in accordance with the Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. 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:

Accrual accounting

The accrual method of accounting for 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 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 tangible capital assets."

Asset Class

Period

Vehicles

5 - 12 years

Working Capital

The working capital will remain at nil while the Corporation of the City of St. Catharines and the Province of Ontario subsidize the annual deficit in full.

Operations

The financial statements include only the operations of the System. The operations of the St. Catharines Transit Commission - Urban Service are reported separately.

PARATRANSIT SYSTEM OF ST. CATHARINES

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

1. Significant Accounting Policies - continued

Pledges

The amount of pledges to donate funds to the System 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.

2. Accumulated Surplus

	2014 \$	2013 \$
Invested in tangible capital assets	678,380	418,776
Operating fund		
Reserve fund	135,107	124,231
	813,487	543,007

3. Economic Dependence

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

PARATRANSIT SYSTEM OF ST. CATHARINES

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

4. Pension Agreement

The System makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of eight 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 System does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2014 was \$ 36,616 (2013 - \$ 39,087) for current service and is included as an expense on the statement of operations and accumulated surplus.

On January 1, 2014, the yearly maximum pension earnings increased to \$ 52,500 from \$ 51,100 in 2013. The contributions are calculated at a rate of 9% (9% - 2013) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (14.6% - 2013) for amounts above the yearly maximum pension earnings.

5. Related Party Transactions

The St. Catharines Transit Commission - Urban Service charges the System for certain costs on a flat fee basis. These charges were as follows:

	2014 \$	2013 \$
Transportation	5,892	7,285
Fuel	1,100	1,104
Equipment and vehicle maintenance	1,100	1,104
Plant and premises	36,722	36,216
General administration	4,210	4,379

PARATRANSIT SYSTEM OF ST. CATHARINES

SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2014

Schedule 1

	Balance, Beginning of Year	Cost			Balance, End of Year	Balance, Beginning of Year	Accumulated Amortization		Balance, End of Year	Net Book Value
		Additions	Disposals				Amortization	Disposals		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Vehicles	1,004,328	190,007	205,000	989,335	585,552	112,672	205,000		493,224	496,111
Work in progress		182,269		182,269						182,269
December 31, 2014	1,004,328	372,276	205,000	1,171,604	585,552	112,672	205,000	205,000	493,224	678,380
Vehicles	721,780	282,548		1,004,328	494,562	90,990			585,552	418,776
December 31, 2013	721,780	282,548		1,004,328	494,562	90,990			585,552	418,776

See accompanying notes

PARATRANSIT SYSTEM OF ST. CATHARINES**SCHEDULE OF EXPENSES****Schedule 2**

for the year ended December 31, 2014

	(Unaudited)		
	Budget	Actual	Actual
	2014	2014	2013
	\$	\$	\$
Transportation			
Bus operators wages and payroll taxes	679,395	665,959	674,860
Uniforms	5,892	5,892	5,892
Licences	510		1,393
Miscellaneous	100		29
	685,897	671,851	682,174
Fuel			
Gasoline and diesel fuel	80,000	71,850	70,695
Lubricants	1,100	1,100	1,104
	81,100	72,950	71,799
Equipment and Vehicle Maintenance			
Mechanics wages and payroll taxes	91,766	91,766	89,558
Servicemen wages and payroll taxes	74,510	74,510	72,666
	166,276	166,276	162,224
Parts	30,000	24,738	9,488
Radios	1,100	1,100	1,104
	197,376	192,114	172,816

See accompanying notes

PARATRANSIT SYSTEM OF ST. CATHARINES

SCHEDULE OF EXPENSES

Schedule 2 - continued

for the year ended December 31, 2014

	(Unaudited)		
	Budget	Actual	Actual
	2014	2014	2013
	\$	\$	\$
Plant and Premises			
Utilities	15,000	15,000	15,024
Garage equipment supplies	2,064	2,064	2,064
Building and janitorial	7,740	7,740	7,716
Property taxes	10,980	10,980	10,812
Insurance	712	938	600
	36,496	36,722	36,216
General Administration			
Dispatcher wages and payroll taxes	149,703	156,116	147,534
Insurance	67,848	67,848	48,564
Office supplies	2,760	2,530	2,735
Telephone	1,680	1,680	1,644
Professional fees	2,520	2,740	4,020
Advertising	882		504
Miscellaneous	500	103	56
	225,893	231,017	205,057

See accompanying notes

NIAGARA DISTRICT AIRPORT COMISSION

Financial Statements

December 31, 2014

NIAGARA DISTRICT AIRPORT COMMISSION

MANAGEMENT REPORT

December 31, 2014

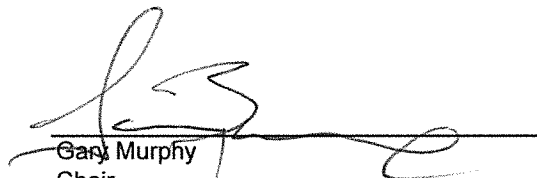
The accompanying financial statements of the Niagara District Airport Commission are the responsibility of the Commission's management and have been prepared in accordance with Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants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



Gary Murphy
Chair
February 19, 2015



Len O'Connor
Airport Manager
February 19, 2015

Crawford, Smith and Swallow
Chartered Accountants LLP

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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

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, 2014, 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.

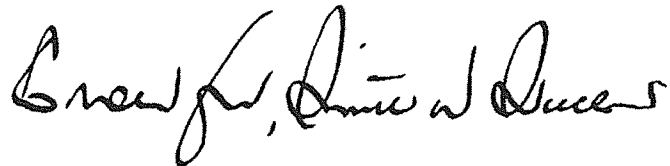
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2014, 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 19, 2015

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


CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP


LICENSED PUBLIC ACCOUNTANTS

NIAGARA DISTRICT AIRPORT COMMISSION
STATEMENT OF FINANCIAL POSITION
as at December 31, 2014

	2014 \$	2013 \$
Assets		
Current Assets		
Cash	282,536	98,169
Accounts receivable	8,922	18,804
Sales tax recoverable	1,756	-
Prepaid expenses	765	-
	293,979	116,973
Capital Assets - note 9	11,380,809	11,826,339
	11,674,788	11,943,312
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	100,313	57,670
Government remittances payable	-	9,382
Deferred revenue - note 3	130,585	-
Current portion of long-term debt - note 2	62,000	62,000
	292,898	129,052
Long-Term Debt - note 2	12,000	74,000
Deferred Capital Contributions - note 3	10,382,166	10,762,139
Net Assets	987,724	978,121
	11,674,788	11,943,312

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, 2014

	Invested in Capital Assets \$	Unrestricted \$	2014 \$	2013 \$
Balance, Beginning of Year	928,200	49,921	978,121	1,021,356
Excess (Deficiency) of Revenue over Expenses for the Year	(65,557)	75,160	9,603	(43,235)
Repayment of Capital Related to Long-Term Debt	62,000	(62,000)	-	-
Balance, End of Year	924,643	63,081	987,724	978,121

See accompanying notes.

NIAGARA DISTRICT AIRPORT COMMISSION**STATEMENT OF OPERATIONS**

for the year ended December 31, 2014

	Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Revenue			
Events	8,000	774	11,820
Fuel operations	25,000	17,902	21,785
Interest	500	1,620	1,433
Landing and parking fees	17,000	16,974	17,475
Miscellaneous	10,800	12,171	14,006
Municipal grants - schedule 1	328,500	328,500	271,098
Rentals	200,100	207,799	195,951
	589,900	585,740	533,568
Operating Expenses			
Maintenance, building and property - schedule 2	17,700	30,366	40,297
Maintenance, vehicles and equipment - schedule 3	30,000	36,415	31,480
Operations - schedule 4	163,400	141,913	142,283
Personnel - schedule 5	316,800	301,886	291,997
	527,900	510,580	506,057
Excess of Revenues over Expenses before Undernoted Items	62,000	75,160	27,511
Other			
Deferred capital contribution amortization	-	449,479	443,412
Amortization	-	(515,036)	(514,158)
	-	(65,557)	(70,746)
Excess (Deficiency) of Revenues over Expenses for the Year	62,000	9,603	(43,235)

See accompanying notes.

NIAGARA DISTRICT AIRPORT COMMISSION**STATEMENT OF CASH FLOWS**

for the year ended December 31, 2014

	2014 \$	2013 \$
Operating Activities		
Excess (deficiency) of revenues over expenses for the year	9,603	(43,235)
Amortization	515,036	514,158
Deferred capital contribution amortization	(449,479)	(443,412)
Working capital provided by operations	75,160	27,511
Changes in non-cash assets and liabilities:		
Accounts receivable	9,882	21,123
Government remittances recoverable	(1,756)	-
Prepaid expenses	(765)	518
Accounts payable and accrued liabilities	42,643	17,261
Deferred revenue	130,585	-
Government remittances payable	(9,382)	2,150
	171,207	41,052
Funds provided by operating activities	246,367	68,563
Capital Activities		
Capital expenditures	(69,506)	-
Funds used by capital activities	(69,506)	-
Financing Activities		
Repayment of long-term debt	(62,000)	(62,000)
Deferred capital contributions	69,506	-
Net increase in cash from financing activities	7,506	(62,000)
Increase in Cash Position	184,367	6,563
Cash, Beginning of Year	98,169	91,606
Cash, End of Year	282,536	98,169

See accompanying notes.

NIAGARA DISTRICT AIRPORT COMMISSION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

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. Capital grants are credited to deferred capital contributions and recognized in income on the same basis as the amortization of the related capital assets once an asset has been acquired. Where a portion of a capital grant relates to a future period, it is deferred and recognized as deferred capital contributions in that subsequent period. 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.

Other unrestricted revenues such as 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, accounts payable and accrued liabilities and long-term debt. 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 of 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 COMMISSON

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

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

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.

NIAGARA DISTRICT AIRPORT COMMISSON

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

2. Long-Term Debt:	2014	2013
	\$	\$
Hangar loan, bearing interest at 3% per annum, repayable in annual payments of \$50,000 plus interest. The loan matures on August 31, 2015 and is secured by the Hangar with a carrying value of \$284,375	50,000	100,000
Air Mobile tax arrears liability agreement, non-interest bearing, payable in annual installments of \$12,000. Final payment is June 30, 2016	24,000	36,000
	74,000	136,000
Portion due within one year	62,000	62,000
	12,000	74,000

The principal payments of long-term debt are due as follows:

	\$
2015	62,000
2016	12,000

Interest charges of \$2,500 (2013 - \$4,000) are included on the statement of operations under operations expenses.

3. Deferred Capital Contributions:	2014	2013
	\$	\$
Balance, beginning of year	10,762,139	11,205,551
Add: funds received during the year	69,506	-
Less: charged to fund revenues during the year	(449,479)	(443,412)
Balance, End of Year	10,382,166	10,762,139

Capital grants received in the year were:	2014	2013
	\$	\$
City of St. Catharines	112,374	-
City of Niagara Falls	74,423	-
Town of Niagara-on-the-Lake	13,294	-
Less: Transferred to deferred capital contributions	(69,506)	-
Deferred Revenue, End of Year	130,585	-

NIAGARA DISTRICT AIRPORT COMMISSON

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

4. 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 440,000 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 2014 was \$14,545 (2013 - \$18,839) for current services and is included as an expense on the Statement of Operations.

On January 1, 2014 the yearly maximum pensionable earnings increased to \$52,500 from \$51,100 in 2013. The contributions are calculated at a rate of 9.0% (2013 - 9.0%) for amounts up to the yearly maximum pensionable earnings stated above and at a rate of 14.6% (2013 - 14.6%) for amounts above the yearly maximum pensionable earnings.

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. Contingent Liabilities:

The Commission must notify the Government of Canada, Province of Ontario and the Regional Municipality of Niagara in writing, if at any time during a period of up to five years from the date of completion of the Airport Renovation Project ("ARP"), that being July 2011, the Commission proposes to sell, lease, encumber or otherwise dispose directly or indirectly, of any part of the ARP to a non-government entity. The Commission is contingently liable for a proportionate amount of funds in the amount of \$11,870,669 contributed by the Government of Canada, Province of Ontario and the Regional Municipality of Niagara. The requirement for repayment is 100% within two years of project completion, 55% after two years and before five years and Nil thereafter.

NIAGARA DISTRICT AIRPORT COMMISSON

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

7. Budget Figures:

The budget figures presented on the Statement of Operations are based on the 2014 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.

8. Comparative Figures

Certain comparative figures have been reclassified to conform with the financial presentation adopted for the current year.

9. 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 \$21 have been assigned to Land (\$2), Land Improvements (\$4), Buildings (\$5), Vehicles (\$2), Machinery and Equipment (\$2), Infrastructure (\$5) and Signage (\$1).

NIAGARA DISTRICT AIRPORT COMMISSION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

9. Capital Assets (continued):

	Opening NBV	Opening Cost	Additions	Disposals	Closing Balance	Opening Accumulated Amortization	Deletions	Closing Accumulated Amortization	Closing NBV
	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Assets:									
Land	25,437	25,437	-	-	25,437	-	-	-	25,437
Land improvements	6,266,373	7,341,959	40,906	-	7,382,865	1,075,586	-	1,424,225	5,958,640
Buildings	1,952,435	2,099,782	-	-	2,099,782	147,347	-	200,965	1,898,817
Equipment	1,173,000	1,300,098	-	2,037	1,298,061	127,098	2,037	164,349	1,133,712
Furniture and fixtures	22,286	32,855	-	-	32,855	10,569	-	14,378	18,477
Computer equipment	-	11,025	-	-	11,025	11,025	-	11,025	-
Motor vehicles	163,372	262,020	28,600	14,321	276,299	98,648	14,321	95,131	181,168
Signs	-	1	-	-	1	1	-	1	-
	9,602,903	11,073,177	69,506	16,358	11,126,325	1,470,274	16,358	1,910,074	9,216,251
Infrastructure:									
Other machinery and equipment	1,201,107	1,343,989	-	-	1,343,989	142,882	-	178,551	1,165,438
Linear assets	1,022,329	1,085,456	-	-	1,085,456	63,127	-	86,336	999,120
	2,223,436	2,429,445	-	-	2,429,445	206,009	-	264,887	2,164,558
Grand Total	11,826,339	13,502,622	69,506	16,358	13,555,770	1,676,283	16,358	2,174,961	11,380,809

NIAGARA DISTRICT AIRPORT COMMISSION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

9. Capital Assets (continued):

	Opening NBV	Opening Cost	Additions	Disposals	Closing Balance	Opening Accumulated Amortization	Deletions	Accumulated Amortization	Closing NBV
	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Assets:									
Land	25,437	25,437	-	-	25,437	-	-	-	25,437
Land improvements	6,609,898	7,341,959	-	-	7,341,959	732,061	-	1,075,586	6,266,373
Buildings	2,006,052	2,099,782	-	-	2,099,782	93,730	-	147,347	1,952,435
Equipment	1,213,011	1,300,098	-	-	1,300,098	87,087	-	127,098	1,173,000
Furniture and fixtures	26,095	32,855	-	-	32,855	6,760	-	10,569	22,286
Computer equipment	-	11,025	-	-	11,025	11,025	-	11,025	-
Motor vehicles	175,248	262,020	-	-	262,020	86,772	-	98,648	163,372
Signs	-	1	-	-	1	1	-	1	-
	10,055,741	11,073,177	-	-	11,073,177	1,017,436	-	1,470,274	9,602,903
Infrastructure:									
Other machinery and equipment	1,239,218	1,343,989	-	-	1,343,989	104,771	-	142,882	1,201,107
Linear assets	1,045,538	1,085,456	-	-	1,085,456	39,918	-	63,127	1,022,329
	2,284,756	2,429,445	-	-	2,429,445	144,689	-	206,009	2,223,436
Grand Total	12,340,497	13,502,622	-	-	13,502,622	1,162,125	-	1,676,283	11,826,339

NIAGARA DISTRICT AIRPORT COMMISSION

Schedule 1

SCHEDULE OF MUNICIPAL GRANTS

for the year ended December 31, 2014

	2014 \$	2013 \$
City of St. Catharines		
Operating Grant	161,255	157,596
Airport Planner	23,323	-
	184,578	157,596
City of Niagara Falls		
Operating Grant	106,797	96,101
Airport Planner	15,438	-
	122,235	96,101
Town of Niagara-on-the-Lake		
Operating Grant	18,948	17,401
Airport Planner	2,739	-
	21,687	17,401
	328,500	271,098

See accompanying notes.

NIAGARA DISTRICT AIRPORT COMMISSION**Schedule 2****SCHEDULE OF MAINTENANCE, BUILDING, AND PROPERTY**

for the year ended December 31, 2014

	2014 \$	2013 \$
Building	14,765	17,399
Runway	4,427	3,092
Property	11,174	19,806
	30,366	40,297

See accompanying notes.

NIAGARA DISTRICT AIRPORT COMMISSION**Schedule 3****SCHEDULE OF MAINTENANCE, VEHICLES, AND EQUIPMENT**

for the year ended December 31, 2014

	2014 \$	2013 \$
Equipment rent	2,257	1,800
Gas and oil	14,067	14,413
Vehicles	20,091	15,267
	36,415	31,480

See accompanying notes.

NIAGARA DISTRICT AIRPORT COMMISSION

Schedule 4

SCHEDULE OF OPERATIONS

for the year ended December 31, 2014

	2014 \$	2013 \$
Accounting fees	5,000	-
Advertising	2,461	2,971
Audit	8,000	10,000
Bad debt	596	5,149
Conventions	5,031	3,700
Credit card fees	135	40
Hydro and heating	30,938	35,727
Insurance	12,413	13,231
Interest on long-term debt	2,500	4,000
Legal	1,558	11,497
Miscellaneous	6,952	6,558
Office and general	20,087	10,538
Payment in lieu of taxes	8,861	7,830
Safety management systems	13,228	15,236
Telephone	6,537	6,080
Training	3,937	523
Water and sewage	13,679	9,203
	141,913	142,283

See accompanying notes.

NIAGARA DISTRICT AIRPORT COMMISSION**Schedule 5****SCHEDULE OF PERSONNEL**

for the year ended December 31, 2014

	2014 \$	2013 \$
Consultant	58,757	7,682
Employee benefits	56,819	68,779
Salary and wages	186,310	215,536
	301,886	291,997

See accompanying notes.