

Financial Report

Township of Wainfleet

2010

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Independent auditors' report

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To the Members of Council, Inhabitants and Taxpayers of the
Corporation of the Township of Wainfleet

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Wainfleet, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the 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 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 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 auditor considers 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 financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Township of Wainfleet as at December 31, 2010, and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Port Colborne, Canada
August 16, 2011

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

Township of Wainfleet

Consolidated Statement of Financial Position

As at December 31 2010 2009

Financial assets

Cash and cash equivalents	\$ 298,742	\$ 382,816
Taxes receivable	1,314,876	1,114,049
Accounts receivable	515,162	442,375
Long term investments (Note 2)	<u>50,082</u>	<u>48,660</u>
	<u>2,178,862</u>	<u>1,987,900</u>

Liabilities

Accounts payable and accrued liabilities	446,498	663,618
Other liabilities	206,256	181,284
Deferred revenue for development purposes (Note 3)	86,114	130,083
Long term debt (Note 4)	210,673	107,980
Employee benefit obligations (Notes 5 and 13)	<u>148,910</u>	<u>128,132</u>
	<u>1,098,451</u>	<u>1,211,097</u>

Net financial assets

	<u>1,080,411</u>	<u>776,803</u>
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Non-financial assets

Tangible capital assets (Pages 19 and 20)	10,082,446	9,514,567
Other assets	<u>11,968</u>	<u>164,268</u>
	<u>10,094,414</u>	<u>9,678,835</u>

Accumulated surplus (Note 6)

	<u>\$ 11,174,825</u>	<u>\$ 10,455,638</u>
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Contingencies (Note 16)

Approved by

Chief Administrative Officer

Treasurer

See accompanying notes and schedules to the consolidated financial statements

Township of Wainfleet

Consolidated Statement of Operations

For the Year Ended December 31, 2010

	Budget <u>2010</u> (Unaudited)	Actual <u>2010</u>	Actual <u>2009</u>
Revenue			
Taxation (Note 8)	\$ 3,797,687	\$ 3,794,329	\$ 3,653,263
User charges (Note 10)	494,359	617,076	451,736
Grants (Note 11)	1,105,627	1,286,379	1,341,162
Other (Note 12)	<u>244,764</u>	<u>333,995</u>	<u>311,833</u>
	<u>5,642,437</u>	<u>6,031,779</u>	<u>5,757,994</u>
Expenses			
Central government	947,305	1,051,665	970,906
Protection to persons and property	580,877	595,403	554,437
Transportation services	1,875,038	1,938,758	2,144,449
Health services	177,989	229,636	210,229
Social and family services	25,337	9,150	12,055
Recreation and culture services	850,600	958,295	841,514
Planning and development	<u>396,683</u>	<u>529,685</u>	<u>515,325</u>
	<u>4,853,829</u>	<u>5,312,592</u>	<u>5,248,915</u>
Annual surplus	788,608	719,187	509,079
Accumulated surplus			
Beginning of year	<u>10,455,638</u>	<u>10,455,638</u>	<u>9,946,559</u>
End of year	<u>\$ 11,244,246</u>	<u>\$ 11,174,825</u>	<u>\$ 10,455,638</u>

See accompanying notes and schedules to the consolidated financial statements

Township of Wainfleet
Consolidated Statement of Changes in Net Financial
Assets

For the Year Ended December 31	2010	2009
Annual surplus	\$ 719,187	\$ 509,079
Amortization of tangible capital assets	764,093	706,295
Acquisition of tangible capital assets	(1,434,042)	(1,963,455)
Loss (gain) on sale of tangible capital assets	53,304	(32,416)
Proceeds on sale of tangible capital assets	<u>48,766</u>	<u>37,123</u>
	<u>151,308</u>	<u>(743,374)</u>
Use (acquisition) of inventory	(195)	129
Use (acquisition) of prepaid expenses	<u>152,495</u>	<u>(16,613)</u>
	<u>152,300</u>	<u>(16,484)</u>
Increase (decrease) in net financial assets	303,608	(759,858)
Net financial assets		
Beginning of year	<u>776,803</u>	<u>1,536,661</u>
End of year	<u>\$ 1,080,411</u>	<u>\$ 776,803</u>

See accompanying notes and schedules to the consolidated financial statements

Township of Wainfleet

Consolidated Statement of Cash Flows

For the Year Ended December 31

2010

2009

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual surplus	\$ 719,187	\$ 509,079
Non-cash items		
Amortization	764,093	706,295
Increase in taxes receivable	(200,827)	(128,253)
Decrease (increase) in accounts receivable	(72,787)	4,185
Increase (decrease) in accounts payable and accrued liabilities	(217,120)	246,378
Increase (decrease) in other liabilities	24,972	(2,105)
Increase (decrease) in deferred revenue for development purposes	(43,969)	80,163
Decrease (increase) in other assets	<u>152,300</u>	<u>(16,484)</u>
	<u>1,125,849</u>	<u>1,399,258</u>
Capital activities		
Proceeds on sale of tangible capital assets	48,766	37,123
Loss (gain) on sale of tangible capital assets	53,304	(32,416)
Acquisition of tangible capital assets	<u>(1,434,042)</u>	<u>(1,963,455)</u>
	<u>(1,331,972)</u>	<u>(1,958,748)</u>
Financing activities		
Increase in employee benefit obligations	20,778	25,256
Issue of long term debt	148,888	55,638
Repayment of long term debt	<u>(46,195)</u>	<u>(35,121)</u>
	<u>123,471</u>	<u>45,773</u>
Investing activities		
Increase in long term investments	<u>(1,422)</u>	<u>(1,476)</u>
Net decrease in cash and cash equivalents	(84,074)	(515,193)
Cash and cash equivalents		
Beginning of year	<u>382,816</u>	<u>898,009</u>
End of year	<u>\$ 298,742</u>	<u>\$ 382,816</u>

Cash and cash equivalents consist of:

Cash on hand	\$ 1,750	\$ 1,750
Balances with banks	<u>296,992</u>	<u>381,066</u>
	<u>\$ 298,742</u>	<u>\$ 382,816</u>

See accompanying notes and schedules to the consolidated financial statements

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

1. Significant accounting policies

The consolidated financial statements of the Corporation of the Township of Wainfleet ("the Municipality") are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality. In addition to general government tax-supported operations, they include the following:

Wainfleet Public Library Board

Interdepartmental and organizational transactions and balances are eliminated.

The following joint local board is proportionality consolidated:

Niagara Central Airport Commission (Joint Board)

Related party transactions are eliminated (Note 15).

The statements exclude trust assets and activities that are administered for the benefit of external parties (Note 14).

(b) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred.

(c) Region and school board transactions

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

(d) Long term investments

Fixed income investments are recorded at amortized cost less amounts written off to reflect a permanent decline in value. Purchase premiums and discounts are amortized on the present value basis over the terms of the issues.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

1. Significant accounting policies (continued)

(e) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition.

The Municipality capitalizes interest as part of the costs of its capital assets.

Works of art for display in municipal property are not included as capital assets. The works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The cost of art is not determinable or relevant to their significance. No valuation of the collection has been conducted or disclosed in the consolidated financial statements.

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the statement of operations as "other revenue".

<u>Classification</u>	<u>Useful Life</u>
Land improvements	10 to 50 years
Buildings	20 to 50 years
Machinery and equipment	5 to 20 years
Infrastructure	5 to 50 years
Vehicles	10 to 20 years

Full year amortization is charged in the year of acquisition and no amortization is taken in year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(f) Inventories

Inventories held for consumption are recorded at the lower of cost and net realizable value.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

1. Significant accounting policies (continued)

(g) Deferred revenue

Deferred revenue represents user charges, fees and grants which have been collected but for which the related services have yet to be performed. These accounts will be recognized as revenues in the fiscal year the services are performed. The Municipality receives cash in lieu of parkland under the authority of provincial legislation and Municipal by-laws. These funds, by their nature, are restricted in their use and, until applied to specific capital works, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

(h) Employee future benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service. Vacation entitlements are accrued for as entitlements are earned.

(i) Reserves for future expenses

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes.

(j) Investment income

Investment income earned on surplus funds are reported as revenue in the period earned. Investment income on deferred revenue funds is added to the fund balance and forms part of the deferred revenue balance.

(k) Government transfers

Government transfers include entitlements, transfers under shared cost agreements, and grants. Revenue is recognized for entitlements and grants in the period received. Revenue is recognized for transfers under shared cost agreements in the period the costs are incurred.

(l) Use of estimates and measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(m) Budget figures

The budget for 2010 is reflected on the consolidated statement of operations. The budget established for 2010 included amounts for capital expenses, however starting in 2009 these expenses have been recorded as tangible capital asset additions. The budget figures do not include amounts for amortization of tangible capital assets.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

2. Long term investments

Long term investments consist of Municipal Government Bonds and Canadian Government Bonds and have a market value of \$50,780 (2009 - \$ 48,502).

3. Deferred revenue for development purposes	<u>2010</u>	<u>2009</u>
Lot levies and subdivider contributions	\$ 54,822	\$ 51,742
Gas tax	<u>31,292</u>	<u>78,341</u>
	<u>\$ 86,114</u>	<u>\$ 130,083</u>

4. Long term debt	<u>2010</u>	<u>2009</u>
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(a) The balance of net long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

Long term debt incurred by the Municipality	\$ 190,556	\$ 89,813
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Capital lease obligation	20,117	18,167
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Long term debt issued by the Region of Niagara which the Municipality has assumed responsibility for the payment of principal and interest. The municipality is contingently liable for these long term debts related to tile drainage and shoreline property assistance loans	63,163	78,053
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Of the long term debt shown above, the responsibility for payment of principal and interest charges for tile drainage and shoreline property assistance loans has been assumed by individuals	<u>(63,163)</u>	<u>(78,053)</u>
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Net long term debt	<u>\$ 210,673</u>	<u>\$ 107,980</u>
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Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

4. Long term debt (continued)

(b) The net long term debt:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>2010</u>	<u>2009</u>
Cemetery crew cab	6.75	2011	\$ 3,816	\$ 7,398
Excavator	4.50	2018	138,000	
Fire truck	6.50	2010		21,644
Grader	4.50	2014	34,339	42,020
Zamboni	5.00	2013	14,401	18,751
Leased equipment - photocopiers	Various	2013-2016	<u>20,117</u>	<u>18,167</u>
			<u>\$ 210,673</u>	<u>\$ 107,980</u>

(c) Principal repayments in each of the next five years are due as follows:

2011	\$ 35,837
2012	33,572
2013	35,063
2014	28,487
2015	19,773

(d) Interest paid during the year amounted to \$ 6,048 (2009 - \$ 5,499).

5. Employee benefit obligations

	<u>2010</u>	<u>2009</u>
Post-employment benefits	<u>\$ 148,910</u>	<u>\$ 128,132</u>

Employees eligible to retire under the OMERS retirement provisions are eligible to receive medical and life insurance benefits to the age of sixty-five. The Municipality pays the total premiums for such benefits.

The post-employment benefits obligation is calculated using the average age and average service life of the applicable employees. The obligation is calculated using an extrapolation of current medical and life insurance premiums and estimated benefits to be paid to current retirees.

The Municipality's obligation under the post-employment provision of employment agreements will be funded out of future revenue.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

6. Accumulated surplus	<u>2010</u>	<u>2009</u>
Consists of:		
Surpluses (deficits)		
Township	\$ (328,253)	\$ (281,520)
Library	-	-
Niagara Central Airport Commission (Note 15)	<u>5,765</u>	<u>2,813</u>
	<u>(322,488)</u>	<u>(278,707)</u>
Investment in tangible capital assets	<u>10,082,446</u>	<u>9,514,567</u>
Unfunded:		
Long term debt	(210,673)	(107,980)
Employee benefit obligations	<u>(148,910)</u>	<u>(128,132)</u>
	<u>(359,583)</u>	<u>(236,112)</u>
Reserves and reserve funds (Note 7)	<u>1,774,450</u>	<u>1,455,890</u>
	<u>\$ 11,174,825</u>	<u>\$ 10,455,638</u>

7. Reserves and reserve funds balances	<u>2010</u>	<u>2009</u>
Reserves set aside for specific purposes by Council		
Working capital	\$ 666,414	\$ 562,230
Building permits	41,884	40,544
Winter control	28,000	21,000
Elections		22,094
Capital expenses	<u>1,038,118</u>	<u>810,013</u>
	<u>1,774,416</u>	<u>1,455,881</u>
Reserve funds		
Library donations	<u>34</u>	<u>9</u>
	<u>\$ 1,774,450</u>	<u>\$ 1,455,890</u>

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

8. Taxation	Budget 2010 (Unaudited)	Actual 2010	Actual 2009
Real property	\$ 10,445,162	\$ 10,491,445	\$ 10,261,663
From other governments			
Payments in lieu of taxes	<u>8,000</u>	<u>20,634</u>	<u>20,116</u>
	<u>10,453,162</u>	<u>10,512,079</u>	<u>10,281,779</u>
Less: taxation collected on behalf of			
Region of Niagara (Note 9)	4,738,023	4,784,766	4,726,909
School boards (Note 9)	<u>1,917,452</u>	<u>1,932,984</u>	<u>1,901,607</u>
	<u>6,655,475</u>	<u>6,717,750</u>	<u>6,628,516</u>
Net taxes available for municipal purposes	<u>\$ 3,797,687</u>	<u>\$ 3,794,329</u>	<u>\$ 3,653,263</u>
Residential and farm	\$ 3,559,228	\$ 3,556,189	\$ 3,418,862
Commercial	187,260	186,940	185,836
Industrial	<u>51,199</u>	<u>51,200</u>	<u>48,565</u>
Net taxes available for municipal purposes	<u>\$ 3,797,687</u>	<u>\$ 3,794,329</u>	<u>\$ 3,653,263</u>

9. Collections for the Region of Niagara and school boards

Total taxation, user charges and development charges received or receivable on behalf of the Region of Niagara and the school boards were as follows:

	2010	2009
Region of Niagara	\$ 4,784,766	\$ 4,726,909
School boards	<u>1,932,984</u>	<u>1,901,607</u>
	<u>\$ 6,717,750</u>	<u>\$ 6,628,516</u>

The Municipality is required to levy and collect taxes on behalf of the Region of Niagara and the school boards. These taxes are recorded as revenue at the amounts levied. The taxes levied under the amounts requisitioned are recorded as accounts receivable.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

10. User charges	Budget 2010 (Unaudited)	Actual 2010	Actual 2009
Operating			
Fees and service charges	\$ 426,859	\$ 410,970	\$ 367,898
Licences and permits	<u>67,500</u>	<u>101,553</u>	<u>64,785</u>
	<u>494,359</u>	<u>512,523</u>	<u>432,683</u>
Capital			
Contributions from developers			6,475
Special charges		<u>104,553</u>	<u>12,578</u>
		<u>104,553</u>	<u>19,053</u>
	<u>\$ 494,359</u>	<u>\$ 617,076</u>	<u>\$ 451,736</u>
11. Grants			
	Budget 2010 (Unaudited)	Actual 2010	Actual 2009
Operating			
Government of Canada		\$ 3,940	\$ 6,780
Province of Ontario	\$ 514,841	527,307	547,254
Other municipalities	<u>55,000</u>	<u>150,846</u>	<u>50,796</u>
	<u>569,841</u>	<u>682,093</u>	<u>604,830</u>
Capital			
Government of Canada	344,564	385,507	421,315
Province of Ontario	<u>191,222</u>	<u>218,779</u>	<u>315,017</u>
	<u>535,786</u>	<u>604,286</u>	<u>736,332</u>
	<u>\$ 1,105,627</u>	<u>\$ 1,286,379</u>	<u>\$ 1,341,162</u>

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

12. Other revenue	Budget <u>2010</u> (Unaudited)	Actual <u>2010</u>	Actual <u>2009</u>
Operating			
Penalties and interest on taxes	\$ 150,000	\$ 183,041	\$ 167,080
Fines	27,000	35,733	37,541
Rents and leases	3,300	6,411	3,669
Interest income	10,064	12,649	14,581
Interest income – reserves and reserve funds		6	3
Donations	3,300	8,945	3,198
Donations – reserves and reserve funds		1,160	240
Other	<u>51,100</u>	<u>79,351</u>	<u>81,537</u>
	<u>244,764</u>	<u>327,296</u>	<u>307,849</u>
Capital			
Contributed tangible capital assets		60,000	
Gain (loss) on disposal of tangible capital assets		<u>(53,301)</u>	<u>3,984</u>
		<u>6,699</u>	<u>3,984</u>
	<u>\$ 244,764</u>	<u>\$ 333,995</u>	<u>\$ 311,833</u>

13. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 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.

Contributions to OMERS are made at rates ranging from 6.4% to 13.1% depending on the proposed retirement age and the level of earnings. As a result \$ 224,726 (2009 - \$ 218,322) was contributed to OMERS for current service, of which \$ 112,363 (2009 - \$ 109,161) represents the employees' portion.

14. Trust funds

Trust funds administered by the Municipality amounting to \$ 564,394 (2009 - \$ 540,424) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

15. Niagara Central Airport Commission

Niagara Central Airport Commission operates a two runway airport offering a year round fixed base operation. The Commission is funded by the four nearby municipalities, City of Welland, City of Port Colborne, Town of Pelham and the Township of Wainfleet. The Township of Wainfleet has a non-controlling interest in the airport of 7%.

The following table provides condensed supplementary financial information for the Niagara Central Airport Commission:

	<u>2010</u>	<u>2009</u>
Financial assets		
Cash and temporary investments	\$ 133,966	\$ 85,038
Receivables	<u>9,577</u>	<u>19,616</u>
	<u>143,543</u>	<u>104,654</u>
Liabilities		
Accounts payable and accrued liabilities	<u>9,281</u>	<u>8,460</u>
Net financial assets	<u>134,262</u>	<u>96,194</u>
Non-financial assets		
Prepaid expenses	1,563	1,640
Fuel inventory	11,074	8,511
Tangible capital assets	<u>1,100,201</u>	<u>1,112,429</u>
	<u>1,112,838</u>	<u>1,122,580</u>
Accumulated surplus	<u>\$ 1,247,100</u>	<u>\$ 1,218,774</u>
Revenues		
Grants	\$ 91,082	\$ 87,000
Fuel and rentals	45,670	45,872
Interest	481	925
Expenses	<u>(108,907)</u>	<u>(132,680)</u>
Annual surplus	<u>\$ 28,326</u>	<u>\$ 1,117</u>

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2010 and the results of operations are as reported for the year ended December 31, 2010. The comparative financial position and results of operations figures are as reported by the Niagara Central Airport Commission at December 31, 2009.

The Municipality has recorded in the financial statements its 7% share of the Niagara Central Airport Commissions' assets, liabilities, accumulated surplus, revenues, expenses, and annual surplus.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

15. Niagara Central Airport Commission (continued)

The following summarizes the Municipality's related party transactions with the Niagara Central Airport Commission for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

	<u>2010</u>	<u>2009</u>
Grants	<u>\$ 6,504</u>	<u>\$ 6,090</u>

16. Contingencies

The Municipality is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the accompanying financial statements.

17. Financial instruments

The Municipality's financial instruments consist of cash, accounts receivable, temporary and long term investments, accounts payable, and long term debt. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values.

18. Segmented information

The Municipality provides a wide range of services to its citizens. For reporting purposes the Municipality's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipality services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Central government

Central government is comprised of Council, administrative department and clerks department.

Protection to persons and property

Protection to persons and property is comprised of fire department, building department, by-law enforcement department and animal control.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

18. Segmented information (continued)

Transportation services

Transportation services department is responsible for the delivery of public works services related to maintenance of roadway systems, maintenance of parks and open spaces, winter control, street lighting, air transportation and maintenance of municipal buildings.

Health services

Health services department is responsible for cemetery operations.

Social and family services

Social and family services department is responsible for providing grants to external agencies.

Recreation and culture services

Recreation and culture services department is responsible for the delivery and upkeep of all recreation programs and facilities including arena, recreation complex, parks and library.

Planning and development

Planning and development is responsible for providing planning and zoning advice to the residents of the Municipality and construction and maintenance of municipal drains.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Taxation revenue is allocated to segments based on budgeted amounts with any supplementary tax revenue being allocated to the general government segment.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. The consolidated schedule of segment disclosure and the schedules of segment disclosure with budget information follow the notes.

Township of Wainfleet

Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2010

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Vehicles</u>	<u>Construction in Process</u>	<u>2010</u>
Cost								
Beginning of year	\$ 611,948	\$ 685,116	\$ 2,248,317	\$ 2,285,811	\$ 10,265,697	\$ 1,680,629	\$ 10,338	\$ 17,787,856
Add additions	1,477	63,892	33,993	351,546	941,945	51,527		1,444,380
Less construction in process capitalized							(10,338)	(10,338)
Less disposals during the year				(354,510)	(104,417)	(16,468)		(475,395)
End of year	<u>613,425</u>	<u>749,008</u>	<u>2,282,310</u>	<u>2,282,847</u>	<u>11,103,225</u>	<u>1,715,688</u>	<u>Nil</u>	<u>18,746,503</u>
Accumulated amortization								
Beginning of year		377,364	1,035,805	994,262	4,966,758	899,100		8,273,289
Add amortization during the year		28,188	76,040	230,085	339,159	90,621		764,093
Less amortization on disposals				(252,440)	(104,417)	(16,468)		(373,325)
End of year		<u>405,552</u>	<u>1,111,845</u>	<u>971,907</u>	<u>5,201,500</u>	<u>973,253</u>		<u>8,664,057</u>
Net book value	<u>\$ 613,425</u>	<u>\$ 343,456</u>	<u>\$ 1,170,465</u>	<u>\$ 1,310,940</u>	<u>\$ 5,901,725</u>	<u>\$ 742,435</u>	<u>\$ Nil</u>	<u>\$ 10,082,446</u>

The net book value of equipment under capital leases is \$ 12,427

Township of Wainfleet

Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2009

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Vehicles</u>	<u>Construction in Process</u>	<u>2009</u>
Cost								
Beginning of year	\$ 611,948	\$ 649,650	\$ 2,053,288	\$ 2,062,256	\$ 8,789,302	\$ 1,644,403	\$ 562,301	\$ 16,373,148
Add additions		35,466	195,029	459,965	1,788,732	36,226	10,338	2,525,756
Less construction in process capitalized							(562,301)	(562,301)
Less disposals during the year				(236,410)	(312,337)			(548,747)
End of year	<u>611,948</u>	<u>685,116</u>	<u>2,248,317</u>	<u>2,285,811</u>	<u>10,265,697</u>	<u>1,680,629</u>	<u>10,338</u>	<u>17,787,856</u>
Accumulated amortization								
Beginning of year		354,869	961,936	1,009,298	4,979,648	805,283		8,111,034
Add amortization during the year		22,495	73,869	219,152	296,962	93,817		706,295
Less amortization on disposals				(234,188)	(309,852)			(544,040)
End of year		<u>377,364</u>	<u>1,035,805</u>	<u>994,262</u>	<u>4,966,758</u>	<u>899,100</u>		<u>8,273,289</u>
Net book value	<u>\$ 611,948</u>	<u>\$ 307,752</u>	<u>\$ 1,212,512</u>	<u>\$ 1,291,549</u>	<u>\$ 5,298,939</u>	<u>\$ 781,529</u>	<u>\$ 10,338</u>	<u>\$ 9,514,567</u>

The net book value of equipment under capital leases is \$ 14,683.

Township of Wainfleet Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2010

	Central Government	Protection to Persons and Property	Transportation Services	Health Services	Social and Family Services	Recreation and Culture Services	Planning and Development	Eliminations	Consolidated
Revenues									
Taxation	\$ 306,538	\$ 541,541	\$ 1,972,902	\$ 79,419	\$ 25,315	\$ 681,247	\$ 187,367		\$ 3,794,329
User charges		102,094	13,190	92,914		175,388	233,490		617,076
Grants	487,100	2,250	620,828			76,151	100,050		1,286,379
Other	231,325	24,831	454,281	16,793		34,526	(51,459)	\$ (376,302)	333,995
	1,024,963	670,716	3,061,201	189,126	25,315	967,312	469,448	(376,302)	6,031,779
Expenses									
Salaries and benefits	677,031	271,272	685,766	168,552		547,669	277,577		2,627,867
Operating materials and supplies	276,015	139,017	1,122,928	47,101		292,324	248,963	(376,302)	1,750,046
Contracted services	24,739		7,626						32,365
Rent and financial expenses	1,779								1,779
External transfers to others		116,189			9,150	8,000			133,339
Amortization	71,672	67,518	496,214	13,983		108,616	3,145		761,148
Debt service	429	1,407	2,526			1,686			6,048
	1,051,665	595,403	2,315,060	229,636	9,150	958,295	529,685	(376,302)	5,312,592
Annual surplus (deficit)	\$ (26,702)	\$ 75,313	\$ 746,141	\$ (40,510)	\$ 16,165	\$ 9,017	\$ (60,237)	\$ Nil	\$ 719,187

Township of Wainfleet Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2009

	Central Government	Protection to Persons and Property	Transportation Services	Health Services	Social and Family Services	Recreation and Culture Services	Planning and Development	Eliminations	Consolidated
Revenues									
Taxation	\$ 214,860	\$ 530,919	\$ 1,941,844	\$ 57,385	\$ 12,898	\$ 706,083	\$ 189,274		\$ 3,653,263
User charges		65,033	14,528	96,998		183,630	91,547		451,736
Grants	486,900		717,630	3,360		49,792	83,480		1,341,162
Other	220,396	16,426	387,242	18,654		20,103	1,016	\$ (352,004)	311,833
	922,156	612,378	3,061,244	176,397	12,898	959,608	365,317	(352,004)	5,757,994
Expenses									
Salaries and benefits	614,745	243,767	691,157	156,289		487,951	223,361		2,417,270
Operating materials and supplies	246,641	127,963	1,354,885	40,697		242,195	289,004	(352,004)	1,949,381
Contracted services	32,654		7,415						40,069
Rent and financial expenses	2,288								2,288
External transfers to others		108,058			12,055	8,000			128,113
Amortization	74,140	71,921	442,147	13,243		101,884	2,960		706,295
Debt service	438	2,728	849			1,484			5,499
	970,906	554,437	2,496,453	210,229	12,055	841,514	515,325	(352,004)	5,248,915
Annual surplus (deficit)	\$ (48,750)	\$ 57,941	\$ 564,791	\$ (33,832)	\$ 843	\$ 118,094	\$ (150,008)	\$ Nil	\$ 509,079

Township of Wainfleet

Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2010

	Budget <u>2010</u> (Unaudited)	Actual <u>2010</u>	Actual <u>2009</u>
Central government			
Revenue			
Taxation	\$ 306,809	\$ 306,538	\$ 214,860
Grants	487,100	487,100	486,900
Other	<u>182,200</u>	<u>231,325</u>	<u>220,396</u>
	<u>976,109</u>	<u>1,024,963</u>	<u>922,156</u>
Expenses			
Salaries and benefits	636,850	677,031	614,745
Operating materials and supplies	282,155	276,015	246,641
Contracted services	23,000	24,739	32,654
Rent and financial expenses	5,300	1,779	2,288
Amortization		71,672	74,140
Debt service		<u>429</u>	<u>438</u>
	<u>947,305</u>	<u>1,051,665</u>	<u>970,906</u>
Annual surplus (deficit)	<u>\$ 28,804</u>	<u>\$ (26,702)</u>	<u>\$ (48,750)</u>
Protection to persons and property			
Revenue			
Taxation	\$ 542,020	\$ 541,541	\$ 530,919
User charges	68,500	102,094	65,033
Grants		2,250	
Other	<u>17,000</u>	<u>24,831</u>	<u>16,426</u>
	<u>627,520</u>	<u>670,716</u>	<u>612,378</u>
Expenses			
Salaries and benefits	293,371	271,272	243,767
Operating materials and supplies	178,532	139,017	127,963
External transfers to others	107,567	116,189	108,058
Amortization		67,518	71,921
Debt service	<u>1,407</u>	<u>1,407</u>	<u>2,728</u>
	<u>580,877</u>	<u>595,403</u>	<u>554,437</u>
Annual surplus	<u>\$ 46,643</u>	<u>\$ 75,313</u>	<u>\$ 57,941</u>

Township of Wainfleet

Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2010

	Budget <u>2010</u> (Unaudited)	Actual <u>2010</u>	Actual <u>2009</u>
Transportation services			
Revenue			
Taxation	\$ 1,974,649	\$ 1,972,902	\$ 1,941,844
User charges	12,999	13,190	14,528
Grants	485,786	620,828	717,630
Other	<u>347,064</u>	<u>454,281</u>	<u>387,242</u>
	<u>2,820,498</u>	<u>3,061,201</u>	<u>3,061,244</u>
Expenses			
Salaries and benefits	771,360	685,766	691,157
Operating materials and supplies	1,440,788	1,122,928	1,354,885
Contracted services	7,500	7,626	7,415
Amortization		496,214	442,147
Debt service	<u>2,390</u>	<u>2,526</u>	<u>849</u>
	<u>2,222,038</u>	<u>2,315,060</u>	<u>2,496,453</u>
Annual surplus	<u>\$ 598,460</u>	<u>\$ 746,141</u>	<u>\$ 564,791</u>
Health services			
Revenue			
Taxation	\$ 79,489	\$ 79,419	\$ 57,385
User charges	95,000	92,914	96,998
Grants			3,360
Other	<u>18,500</u>	<u>16,793</u>	<u>18,654</u>
	<u>192,989</u>	<u>189,126</u>	<u>176,397</u>
Expenses			
Salaries and benefits	143,600	168,552	156,289
Operating materials and supplies	34,389	47,101	40,697
Amortization		13,983	13,243
	<u>177,989</u>	<u>229,636</u>	<u>210,229</u>
Annual surplus (deficit)	<u>\$ 15,000</u>	<u>\$ (40,510)</u>	<u>\$ (33,832)</u>

Township of Wainfleet

Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2010

	Budget <u>2010</u> (Unaudited)	Actual <u>2010</u>	Actual <u>2009</u>
Social and family services			
Revenue			
Taxation	\$ 25,337	\$ 25,315	\$ 12,898
Expenses			
External transfers to others	<u>25,337</u>	<u>9,150</u>	<u>12,055</u>
Annual surplus	<u>\$ Nil</u>	<u>\$ 16,165</u>	<u>\$ 843</u>
<hr/>			
Recreation and culture services			
Revenue			
Taxation	\$ 681,850	\$ 681,247	\$ 706,083
User charges	177,360	175,388	183,630
Grants	63,541	76,151	49,792
Other	<u>25,700</u>	<u>34,526</u>	<u>20,103</u>
	<u>948,451</u>	<u>967,312</u>	<u>959,608</u>
Expenses			
Salaries and benefits	515,817	547,669	487,951
Operating materials and supplies	325,845	292,324	242,195
External transfers to others	8,000	8,000	8,000
Amortization		108,616	101,884
Debt service	<u>938</u>	<u>1,686</u>	<u>1,484</u>
	<u>850,600</u>	<u>958,295</u>	<u>841,514</u>
Annual surplus	<u>\$ 97,851</u>	<u>\$ 9,017</u>	<u>\$ 118,094</u>

Township of Wainfleet
Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2010

	Budget <u>2010</u> (Unaudited)	Actual <u>2010</u>	Actual <u>2009</u>
Planning and development			
Revenue			
Taxation	\$ 187,533	\$ 187,367	\$ 189,274
User charges	140,500	233,490	91,547
Grants	69,200	100,050	83,480
Other	<u>1,300</u>	<u>(51,459)</u>	<u>1,016</u>
	<u>398,533</u>	<u>469,448</u>	<u>365,317</u>
Expenses			
Salaries and benefits	260,950	277,577	223,361
Operating materials and supplies	135,733	248,963	289,004
Amortization	<u> </u>	<u>3,145</u>	<u>2,960</u>
	<u>396,683</u>	<u>529,685</u>	<u>515,325</u>
Annual surplus (deficit)	<u>\$ 1,850</u>	<u>\$ (60,237)</u>	<u>\$ (150,008)</u>

Independent auditors' report

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To the Members of Council, Inhabitants and Taxpayers of the
Corporation of the Township of Wainfleet

We have audited the accompanying consolidated financial statements of the trust funds of the Corporation of the Township of Wainfleet, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statement of operations for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements have been prepared by management based on the financial reporting provisions prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing.

Management's responsibility for the 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 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 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 auditor considers 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 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 trust funds of the Corporation of the Township of Wainfleet as at December 31, 2010, and the results of its operations for the year then ended in accordance with the financial reporting provisions of the Ministry of Municipal Affairs and Housing.

Basis of accounting and restriction on use

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared to assist the trust funds of the Corporation of the Township of Wainfleet to comply with the reporting provisions of the Ministry of Municipal Affairs and Housing. As a result, the consolidated financial statements may not be suitable for another purpose. Our report is intended solely for the Township of Wainfleet and should not be used by parties other than the Township.



Port Colborne, Canada
August 16, 2011

Chartered Accountants
Licensed Public Accountants

Township of Wainfleet Trust Funds

Statement of Operations

For the year ended December 31, 2010

	<u>Total</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Cemetery Care and Mtc. Fund</u>
Revenue			
Perpetual care collections	\$ 23,970	\$ 20,320	\$ 3,650
Interest earned	<u>16,793</u>	<u>14,332</u>	<u>2,461</u>
	40,763	34,652	6,111
Expenses			
Transfer to revenue	<u>16,793</u>	<u>14,332</u>	<u>2,461</u>
Annual surplus	23,970	20,320	3,650
Accumulated surplus			
Beginning of year	<u>540,424</u>	<u>455,923</u>	<u>84,501</u>
End of year	<u>\$ 564,394</u>	<u>\$ 476,243</u>	<u>\$ 88,151</u>

Statement of Financial Position

As at December 31, 2010

	<u>Total</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Cemetery Care and Mtc. Fund</u>
Assets			
Cash	\$ 51,217	\$ 48,566	\$ 2,651
Investments at cost			
Municipal - own	190,556	190,556	
- other	<u>339,414</u>	<u>251,453</u>	<u>87,961</u>
	<u>\$ 581,187</u>	<u>\$ 490,575</u>	<u>\$ 90,612</u>
Liabilities			
Due to Municipality	\$ 16,793	\$ 14,332	\$ 2,461
Fund balance	<u>564,394</u>	<u>476,243</u>	<u>88,151</u>
	<u>\$ 581,187</u>	<u>\$ 490,575</u>	<u>\$ 90,612</u>

See accompanying notes to the financial statements

Township of Wainfleet

Trust Funds

Notes to the Financial Statements

For the Year Ended December 31, 2010

1. Accounting policies

The financial statements of the Township are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since 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 judgements.

Basis of accounting

Income and capital receipts are reported on the cash basis.

Expenses are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenses 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.

2. Investments

The total trust funds investments of \$ 529,970 (2009 - \$ 555,380) reported on the Statement of Financial Position are recorded at cost and have a market value of \$ 531,515 (2009 - \$ 555,345) at the end of the year. Included in investments are debentures issued by the Township of Wainfleet totaling \$ 190,556 (2009 - \$ 89,813).