

**Town of Fort Erie**  
**Financial Report**  
2005

Grant Thornton 

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## Auditors' Report

To the Members of Council, Inhabitants and Ratepayers  
of the **Corporation of the Town of Fort Erie**

We have audited the consolidated statement of financial position of the **Corporation of the Town of Fort Erie** as at December 31, 2005 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Town's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

*Grant Thornton LLP*

Port Colborne, Ontario  
June 16, 2006

Grant Thornton LLP  
Chartered Accountants

P. O. Box 336  
Suite B  
222 Catharine Street  
Port Colborne, Ontario  
L3K 5W1  
**T** (905) 834-3651  
**F** (905) 834-5095  
**E** PortColborne@GrantThornton.ca  
**W** www.GrantThornton.ca

# Town of Fort Erie

## Consolidated Statement of Financial Position

As at December 31

2005

2004

### Assets

Cash and temporary investments (Note 2)	\$ 13,800,289	\$ 11,722,643
Taxes receivable	2,919,858	3,197,363
Accounts receivable	3,320,114	3,568,506
Prepaid expenses	90,341	34,649
Other financial assets	<u>754,756</u>	<u>530,379</u>

<b>Total assets</b>	<b><u>\$ 20,885,358</u></b>	<b><u>\$ 19,053,540</u></b>
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### Liabilities

Accounts payable and accrued liabilities	\$ 5,051,091	\$ 5,376,450
Other liabilities	31,365	37,154
Deferred revenue (Note 3)	2,950,868	2,226,567
Long term debt (Note 4)	7,413,506	7,382,171
Employee benefit obligations (Note 5)	<u>144,000</u>	<u>146,000</u>

<b>Total liabilities</b>	<b><u>15,590,830</u></b>	<b><u>15,168,342</u></b>
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### Municipal position

Current fund (Note 6)	27,191	(62,621)
Capital fund (Note 6)	6,436,822	6,048,076
Reserves and reserve funds (Note 7)	<u>6,388,021</u>	<u>5,427,914</u>

Fund balances	12,852,034	11,413,369
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Liabilities to be recovered in future (Note 8)	<u>(7,557,506)</u>	<u>(7,528,171)</u>
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<b>Total municipal position</b>	<b><u>5,294,528</u></b>	<b><u>3,885,198</u></b>
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<b>Total liabilities and municipal position</b>	<b><u>\$ 20,885,358</u></b>	<b><u>\$ 19,053,540</u></b>
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Contingencies and commitments (Notes 18 and 19)

Approved by

\_\_\_\_\_  
Chief Administrative Officer

\_\_\_\_\_  
Director of Corporate Services

See accompanying notes to the financial statements

# Town of Fort Erie

## Consolidated Statement of Financial Activities

For the Year Ended December 31, 2005

	Budget 2005 (Unaudited)	Actual 2005	Actual 2004
<b>Revenue</b>			
Taxation (Note 9)	\$ 12,502,727	\$ 12,399,789	\$ 12,384,590
User charges (Note 10)	6,383,271	6,231,064	5,500,739
Grants (Note 12)	2,873,182	2,364,839	1,272,509
Other (Note 13)	6,571,118	5,662,300	6,116,706
<b>Total revenue</b>	<u>28,330,298</u>	<u>26,657,992</u>	<u>25,274,544</u>
<b>Expenditures</b>			
Current			
General government	1,639,075	1,775,700	1,472,337
Protection to persons and property	3,153,856	3,108,574	3,207,631
Transportation services	3,537,928	3,868,456	3,341,274
Environmental services	3,120,165	3,035,547	3,258,937
Health services	720,907	758,156	386,116
Social and family services	36,020	43,421	42,153
Recreation and culture services	3,793,341	3,939,276	4,113,964
Planning and development	1,330,933	1,262,669	1,221,379
	<u>17,332,225</u>	<u>17,791,799</u>	<u>17,043,791</u>
<b>Capital</b>			
General government	334,000	303,630	306,115
Protection to persons and property	740,000	767,632	360,942
Transportation services	4,002,000	2,243,268	3,327,637
Environmental services	3,018,000	2,812,021	3,443,929
Health services			401
Recreation and culture services	1,196,000	1,287,006	1,126,117
Planning and development	115,000	43,305	10,444
	<u>9,405,000</u>	<u>7,456,862</u>	<u>8,575,585</u>
<b>Total expenditures</b>	<u>26,737,225</u>	<u>25,248,661</u>	<u>25,619,376</u>
<b>Net revenue (expenditures)</b>	<u>1,593,073</u>	<u>1,409,331</u>	<u>(344,832)</u>
<b>Financing</b>			
Issue of long term debt		798,000	1,668,000
Repayment of long term debt	(754,766)	(766,666)	(563,140)
Decrease in employee benefit obligations		(2,000)	(28,000)
<b>Net financing</b>	<u>(754,766)</u>	<u>29,334</u>	<u>1,076,860</u>
<b>Change in fund balances</b>	<u>\$ 838,307</u>	<u>\$ 1,438,665</u>	<u>\$ 732,028</u>

See accompanying notes to the financial statements.

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## Town of Fort Erie

### Consolidated Statement of Changes in Financial Position

For the Year Ended December 31

2005

2004

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#### Increase (decrease) in cash and cash equivalents

<b>Operating activities</b>		
Net revenue (expenditures)	\$ 1,409,331	\$ (344,832)
Decrease in taxes receivable	277,505	197,718
Decrease (increase) in accounts receivables	248,392	(882,059)
Decrease in prepaid expenses	(55,692)	(23,340)
Increase (decrease) in accounts payable and accrued liabilities	(325,359)	2,027,032
Decrease in other liabilities	(5,789)	(4,635)
Increase in deferred revenue	<u>724,301</u>	<u>642,522</u>
	<u>2,272,689</u>	<u>1,612,406</u>
<b>Financing activities</b>		
Issue of long term debt	798,000	1,668,000
Repayment of long term debt	(766,666)	(563,140)
Decrease in employee benefit obligations	<u>(2,000)</u>	<u>(28,000)</u>
	<u>29,334</u>	<u>1,076,860</u>
<b>Investing activities</b>		
Decrease (increase) in other financial assets	<u>(224,377)</u>	<u>951,733</u>
<b>Net increase in cash and cash equivalents</b>	<b>2,077,646</b>	<b>3,640,999</b>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>11,722,643</u>	<u>8,081,644</u>
<b>End of year</b>	<b><u>\$ 13,800,289</u></b>	<b><u>\$ 11,722,643</u></b>

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See accompanying notes to the financial statements.

# Town of Fort Erie

## Schedule of Current Fund Operations

For the Year Ended December 31, 2005

	Budget 2005 (Unaudited)	Actual 2005	Actual 2004
<b>Revenue</b>			
Taxation (Note 9)	\$ 12,502,727	\$ 12,399,789	\$ 12,384,590
User charges (Note 10)	6,383,271	6,231,064	5,500,739
Grants (Note 12)	1,219,182	1,259,892	239,411
Other (Note 13)	4,939,118	4,840,789	5,713,164
<b>Total revenue</b>	<u>25,044,298</u>	<u>24,731,534</u>	<u>23,837,904</u>
<b>Expenditures</b>			
General government	1,639,075	1,775,700	1,472,337
Protection to persons and property	3,153,856	3,108,574	3,207,631
Transportation services	3,537,928	3,868,456	3,341,274
Environmental services	3,120,165	3,035,547	3,258,937
Health services	720,907	758,156	386,116
Social and family services	36,020	43,421	42,153
Recreation and culture	3,793,341	3,939,276	4,113,964
Planning and development	1,330,933	1,262,669	1,221,379
<b>Total expenditures</b>	<u>17,332,225</u>	<u>17,791,799</u>	<u>17,043,791</u>
<b>Net revenues</b>	<u>7,712,073</u>	<u>6,939,735</u>	<u>6,794,113</u>
<b>Financing and transfers</b>			
Repayment of long term debt	(754,766)	(754,666)	(563,140)
Decrease in employee benefit obligations		(2,000)	(28,000)
Transfers to capital operations	(5,131,000)	(5,197,385)	(5,231,077)
Transfers to reserves and reserve funds	(1,888,928)	(895,872)	(903,161)
<b>Net financing and transfers</b>	<u>(7,774,694)</u>	<u>(6,849,923)</u>	<u>(6,725,378)</u>
<b>Change in current fund</b>	(62,621)	89,812	68,735
<b>Current fund</b>			
Beginning of year	(62,621)	(62,621)	(131,356)
<b>End of year</b>	<u>\$ (125,242)</u>	<u>\$ 27,191</u>	<u>\$ (62,621)</u>

See accompanying notes to the financial statements.

# Town of Fort Erie

## Schedule of Capital Fund Operations

For the Year Ended December 31, 2005

	Budget 2005 (Unaudited)	Actual 2005	Actual 2004
<b>Revenue</b>			
Grants (Note 12)	\$ 1,654,000	\$ 1,104,947	\$ 1,033,098
Other (Note 13)	1,492,000	681,722	307,243
<b>Total revenue</b>	<u>3,146,000</u>	<u>1,786,669</u>	<u>1,340,341</u>
<b>Expenditures</b>			
General government	334,000	303,630	306,115
Protection to persons and property	740,000	767,632	360,942
Transportation services	4,002,000	2,243,268	3,327,637
Environmental services	3,018,000	2,812,021	3,443,929
Health services			401
Recreation and culture services	1,196,000	1,287,006	1,126,117
Planning and development	115,000	43,305	10,444
<b>Total expenditures</b>	<u>9,405,000</u>	<u>7,456,862</u>	<u>8,575,585</u>
<b>Net expenditures</b>	<u>(6,259,000)</u>	<u>(5,670,193)</u>	<u>(7,235,244)</u>
<b>Financing and transfers</b>			
Issue of long term debt		786,000	1,668,000
Transfers from current fund	5,131,000	5,197,385	5,231,077
Transfers from reserve fund	1,128,000	75,554	348,453
<b>Net financing and transfers</b>	<u>6,259,000</u>	<u>6,058,939</u>	<u>7,247,530</u>
<b>Change in capital fund balance</b>	Nil	388,746	12,286
<b>Capital fund</b>			
Beginning of year	<u>6,048,076</u>	<u>6,048,076</u>	<u>6,035,790</u>
<b>End of year</b>	<u>\$ 6,048,076</u>	<u>\$ 6,436,822</u>	<u>\$ 6,048,076</u>

See accompanying notes to the financial statements.

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## Town of Fort Erie

### Schedule of Reserves and Reserve Funds

For the Year Ended December 31, 2005

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	Budget <u>2005</u> (Unaudited)	<b>Actual</b> <b><u>2005</u></b>	Actual <u>2004</u>
<b>Revenue</b> (Note 13)	\$ 140,000	\$ <b>139,789</b>	\$ 96,299
<b>Transfers</b>			
Transfers from current fund	1,888,928	<b>895,872</b>	903,161
Transfers to capital fund	<u>(1,128,000)</u>	<u><b>(75,554)</b></u>	<u>(348,453)</u>
<b>Total net transfers</b>	<u>760,928</u>	<u><b>820,318</b></u>	<u>554,708</u>
Change in reserves and reserve funds balance	900,928	<b>960,107</b>	651,007
<b>Reserves and reserve funds</b>			
Beginning of year	<u>5,427,914</u>	<u><b>5,427,914</b></u>	<u>4,776,907</u>
<b>End of year</b>	<u>\$ 6,328,842</u>	<u><b>\$ 6,388,021</b></u>	<u>\$ 5,427,914</u>

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See accompanying notes to the financial statements.

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# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2005

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### 1. Significant accounting policies

The consolidated financial statements of the Town of Fort Erie (the Municipality) are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipality are as follows:

#### (a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances and in financial position 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 which are owned or controlled by the Municipality. In addition to general government tax-supported operations, they include the following:

- Public Library Board
- Museum Board
- Cemetery Advisory Committee
- Stevensville Memorial Hall Advisory Committee
- Senior Citizens Advisory Committee
- Bridgeburg Station Business Improvement Area
- Crystal Beach Business Improvement Area
- Ridgeway Business Improvement Area
- Community Gaming Development Corporation

Interdepartmental and organizational transactions and balances are eliminated.

The statements exclude trust assets that are administered for the benefit of external parties (Note 16).

#### (b) Basis of accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

#### (c) Fund accounting

Funds within the consolidated financial statements consist of the current, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

#### (d) 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 financial statements.

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# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2005

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**1. Significant accounting policies** (continued)

**(e) Tangible capital assets**

The historical cost and accumulated depreciation for tangible capital assets are not reported for municipal purposes. Tangible capital assets are reported as an expenditure on the Consolidated Statement of Financial Activities in the year of acquisition.

**(f) Deferred revenue**

Receipts which are restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenues. When qualifying expenditures are incurred, restricted revenues are brought into revenue at equal amounts. Revenues received in advance of expenditures which will be incurred in a later period are deferred until they are earned by being matched against those expenditures.

**(g) Reserves for future expenditures**

Certain amounts, as approved by Municipal Council, are set aside in reserves and reserve funds for future operating and capital expenditures. Transfers to and from reserves and reserve funds are reflected as an adjustment to the respective fund.

**(h) Subdivision infrastructure**

Subdivision streets, lighting, sidewalks, drainage and other infrastructure is required to be provided by subdivision developers. Upon completion they are turned over to the Municipality. The Municipality is not involved in the construction and does not budget for either the contribution from the developer or the capital expenditure.

**(i) Local improvements**

The Municipality records capital expenditures funded by local improvement agreements as they are incurred. Revenues are recognized over the term of the local improvement agreements as they are collected.

**(j) Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect 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 expenditures during the reporting period. Actual results could differ from those estimates.

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**Town of Fort Erie**  
**Notes to the Consolidated Financial Statements**  
For the Year Ended December 31, 2005

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**2. Cash and temporary investments** 2005 2004

Cash and temporary investments are comprised of:

Cash on hand	\$ 8,445	\$ 8,395
Cash held with banks	<u>13,791,844</u>	<u>11,714,248</u>
	<u>\$ 13,800,289</u>	<u>\$ 11,722,643</u>

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**3. Deferred revenue** 2005 2004

Development Charges Act	\$ 2,364,799	\$ 438,687
Recreational land (Planning Act)	242,580	1,771,254
Gas tax	<u>343,489</u>	<u>16,626</u>
	<u>\$ 2,950,868</u>	<u>\$ 2,226,567</u>

# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2005

### 4. Long term debt 2005 2004

- (a) The balance of net long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

The Municipality has assumed responsibility for the payment of principal and interest charges on certain long term debt issued by the Region of Niagara. At the end of the year, the outstanding principal amount of this debt is

\$ 7,413,506 \$ 7,382,171

- (b) The net long term debt:

<u>Debenture Number</u>	<u>Purpose</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>2005</u>	<u>2004</u>
100-2001	Kraft Road water main	3.25% -6%	2011	\$ 171,562	\$ 192,504
7905-95	Niagara Boulevard water main	9.75%-10%	2005		19,660
8693-97	East/West Bertie sewer	6.25%-7%	2007	<b>2,458,396</b>	2,587,212
9124-98	Crystal Beach water main	5.25% -5.625%	2008	<b>769,548</b>	999,795
75-2002	Water main rehabilitation	3.5% -5.875%	2012	<b>892,000</b>	996,000
74-2003	Water main rehabilitation	2.95% -5.35%	2013	<b>833,000</b>	919,000
114-2004	Water/sewer main rehabilitation	2.46%	2014	<b>1,491,000</b>	1,668,000
83-2005	Water/sewer main rehabilitation	2.1%	2015	<u><b>798,000</b></u>	<u>                    </u>
				<u><b>\$ 7,413,506</b></u>	<u><b>\$ 7,382,171</b></u>

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

2006	\$ 845,207
2007	3,054,845
2008	760,420
2009	501,607
2010	514,249

- (d) The Municipality paid \$ 377,355 (2004 \$ 367,778) interest on long term debt during the year.
- (e) Municipal council has authorized the issuance of a further \$ 601,500 in long term debt for water main and sewer main rehabilitation. The debt may be financed through the Ontario Strategic Infrastructure Financing Authority (OSIFA) in 2006, with the term of the debt to be ten years, at an interest rate between 2% and 3%.

# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2005

<b>5. Employee benefit obligations</b>	<u><b>2005</b></u>	<u><b>2004</b></u>
Post-employment benefits	<u>\$ 144,000</u>	<u>\$ 146,000</u>

Employees having at least ten years of service with the Municipality and retire under the OMERS early retirement provisions are eligible to receive medical and dental benefits to the age of sixty-five. The Municipality and the employee share the cost of premiums for such benefits on a 50/50 basis.

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

<b>6. Municipal fund balances</b>	<u><b>2005</b></u>	<u><b>2004</b></u>
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(a) The current fund balance is comprised of the following:

General	<u>\$ 27,191</u>	<u>\$ (62,621)</u>
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A general operations deficit of \$ 675,849 was recovered from the rate stabilization reserve.

A water surplus of \$ 12,147 was transferred to the water refurbishing reserve.

A sewer deficit of \$ 139,431 was recovered from the sewer reserve.

(b) The capital fund balance is comprised of the following:

Funding to be provided from long term liabilities		\$ (510,513)
Funding to be provided from donations		(8,105)
Funding to be provided from reserve funds	\$ (219,734)	(95,287)
Funding to be provided from future taxation or user charges	(922,761)	(1,068,790)
Funding to be provided from land sales	(189,136)	(98,188)
Funds available for future capital expenditures	<u>7,768,453</u>	<u>7,828,959</u>
	<u>\$ 6,436,822</u>	<u>\$ 6,048,076</u>

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## Town of Fort Erie

### Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2005

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<b>7. Reserves and reserve funds</b>	<b><u>2005</u></b>	<b><u>2004</u></b>
Reserves set aside for specific purposes by Council		
Working capital	<b><u>\$ 776,995</u></b>	<b><u>\$ 776,995</u></b>
Reserve funds set aside for specific purposes by Council		
Contingencies	<b>151,811</b>	759,127
Sick leave	<b>3,558</b>	3,475
Insurance	<b>180,914</b>	106,959
Community wellness	<b>1,899</b>	98,726
Capital	<b><u>5,272,844</u></b>	<b><u>3,682,632</u></b>
<b>Total reserve funds</b>	<b><u>5,611,026</u></b>	<b><u>4,650,919</u></b>
<b>Total reserves and reserve funds</b>	<b><u>\$ 6,388,021</u></b>	<b><u>\$ 5,427,914</u></b>

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<b>8. Liabilities to be recovered in future</b>	<b><u>2005</u></b>	<b><u>2004</u></b>
Long term debt	<b><u>\$ 7,413,506</u></b>	<b><u>\$ 7,382,171</u></b>
Employee benefit obligations	<b><u>144,000</u></b>	<b><u>146,000</u></b>
	<b><u>\$ 7,557,506</u></b>	<b><u>\$ 7,528,171</u></b>

# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2005

9. Taxation	Budget 2005 (Unaudited)	Actual 2005	Actual 2004
Real property		\$ 43,470,468	\$ 42,843,789
From other governments			
Payments in lieu of taxes		<u>328,011</u>	<u>331,223</u>
		<u>43,798,479</u>	<u>43,175,012</u>
Less: taxation collected on behalf of			
Region of Niagara		20,995,039	20,014,174
School boards		<u>10,403,651</u>	<u>10,776,248</u>
		<u>31,398,690</u>	<u>30,790,422</u>
Net taxes available for municipal purposes		<u>\$ 12,399,789</u>	<u>\$ 12,384,590</u>
Residential and farm	\$ 9,439,636	\$ 9,489,116	\$ 9,386,665
Multi-residential	298,000	297,543	298,585
Commercial	2,132,034	2,031,295	1,984,964
Industrial	<u>633,057</u>	<u>581,835</u>	<u>714,376</u>
Net taxes available for municipal purposes	<u>\$ 12,502,727</u>	<u>\$ 12,399,789</u>	<u>\$ 12,384,590</u>

# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2005

10. User charges	Budget 2005 (Unaudited)	Actual 2005	Actual 2004
<b>Operating</b>			
Fees and service charges	\$ 721,150	\$ 830,899	\$ 955,227
Direct water billings	5,007,578	5,168,769	5,134,298
Sewer surcharge	5,968,202	6,109,020	5,355,960
Licences and permits	<u>1,232,000</u>	<u>1,024,618</u>	<u>1,067,238</u>
	12,928,930	13,133,306	12,512,723
Less: water and sewer collections on behalf of the Region of Niagara	<u>6,545,659</u>	<u>6,902,242</u>	<u>7,011,984</u>
	<u>\$ 6,383,271</u>	<u>\$ 6,231,064</u>	<u>\$ 5,500,739</u>

### 11. 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:

	2005	2004
Region of Niagara		
Taxation	\$ 20,995,039	\$ 20,014,174
Water/sewer charges	10,403,641	10,776,248
Development charges	<u>514,330</u>	<u>482,823</u>
	31,913,010	31,273,245
School boards		
Taxation	<u>10,403,651</u>	<u>10,776,248</u>
	<u>\$ 42,316,661</u>	<u>\$ 42,049,493</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 over (under) the amounts requisitioned are recorded as accounts payable (receivable).

The Municipality is also required to bill and collect water, sewer and development charges on behalf of the Region of Niagara. Water and sewer charges are recorded as revenue at the amounts billed. Water and sewer charges billed over (under) the amounts requisitioned are recorded as accounts payable (receivable). Development charges collected in excess of those paid to the Region are recorded as accounts payable.

# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2005

12. Grants	Budget 2005 (Unaudited)	Actual 2005	Actual 2004
<b>Operating</b>			
Government of Canada			\$ 1,618
Province of Ontario	\$ 1,219,182	\$ 1,259,892	225,561
Other municipalities			12,232
	<u>1,219,182</u>	<u>1,259,892</u>	<u>239,411</u>
<b>Capital</b>			
Government of Canada		22,053	250,000
Province of Ontario	1,134,000	500	660,000
Other municipalities	<u>520,000</u>	<u>1,082,394</u>	<u>123,098</u>
	<u>1,654,000</u>	<u>1,104,947</u>	<u>1,033,098</u>
	<u>\$ 2,873,182</u>	<u>\$ 2,364,839</u>	<u>\$ 1,272,509</u>
<b>13. Other revenue</b>			
	Budget 2005 (Unaudited)	Actual 2005	Actual 2004
<b>Operating</b>			
Penalties and interest on taxes	\$ 545,000	\$ 514,511	\$ 543,449
Fines	132,000	92,065	125,828
Rents and leases	932,000	896,606	934,742
Interest income	183,818	241,514	197,580
Sale of land	130,000	134,023	358,416
Donations	96,500	123,940	149,221
Slot machine revenues	2,900,000	2,758,540	3,349,238
Other	<u>19,800</u>	<u>79,590</u>	<u>54,690</u>
	<u>4,939,118</u>	<u>4,840,789</u>	<u>5,713,164</u>
<b>Capital</b>			
Benefiting property owners and developers	1,147,000	633,877	141,588
Donations	345,000	47,587	36,712
Miscellaneous		<u>258</u>	<u>128,943</u>
	<u>1,492,000</u>	<u>681,722</u>	<u>307,243</u>
<b>Reserves and reserve funds</b>			
Lot levies		1,165	3,493
Investment income	<u>140,000</u>	<u>138,624</u>	<u>92,806</u>
	<u>140,000</u>	<u>139,789</u>	<u>96,299</u>
	<u>\$ 6,571,118</u>	<u>\$ 5,662,300</u>	<u>\$ 6,116,706</u>

# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2005

### 14. Expenditures by object

The following is a summary of the current and capital expenditures reported on the Consolidated Statement of Financial Activities by object:

	Budget <u>2005</u> (Unaudited)	<b>Actual</b> <b><u>2005</u></b>	Actual <u>2004</u>
<b>Current expenditures consist of:</b>			
Salaries, wages and fringe benefits	\$ 10,260,331	\$ <b>10,650,719</b>	\$ 10,004,347
Interest on long term debt	371,987	<b>371,986</b>	371,046
Materials and services	3,830,508	<b>3,901,469</b>	4,502,057
Contracted services	1,985,465	<b>1,947,257</b>	1,486,416
Transfer payments	<u>883,934</u>	<b><u>920,368</u></b>	<u>679,925</u>
<b>Total current expenditures</b>	<b><u>\$ 17,332,225</u></b>	<b><u>\$ 17,791,799</u></b>	<b><u>\$ 17,043,791</u></b>
<b>Capital expenditures consist of:</b>			
Salaries, wages and fringe benefits	\$ 424,740	\$ <b>460,640</b>	\$ 203,321
Materials and services	900,000	<b>1,577,708</b>	1,238,067
Contracted services	8,080,260	<b>5,418,254</b>	7,104,197
Transfer payment			30,000
Short term interest	<u>                    </u>	<b><u>260</u></b>	<u>                    </u>
<b>Total capital expenditures</b>	<b><u>\$ 9,405,000</u></b>	<b><u>\$ 7,456,862</u></b>	<b><u>\$ 8,575,585</u></b>

### 15. 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% to 9.8% depending on the proposed retirement age and the level of earnings. As a result \$ 920,502 (2004 \$ 825,739) was contributed to OMERS for current service, of which \$ 458,289 (2004 \$ 412,870) represented the employee's portion. Effective January 1, 2006 contribution rates will increase to a range of 6.5% to 10.7%.

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# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2005

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### 16. Trust funds

Trust funds administered by the Municipality amounting to \$ 552,859 (2004 \$ 567,946) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Financial Activities.

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### 17. Public Sector Salary Disclosure Act

For 2005, the following employees were paid salaries, as defined in the Public Sector Salary Disclosure Act, 1996 of \$ 100,000 or more:

<u>Employee Name</u>	<u>Position Title</u>	<u>Salary Paid</u>	<u>Taxable Benefits</u>
Mostacci, Rino	Director of Community and Development Services	\$ 118,243	\$ 601
Neubauer, Margaret	Director of Corporate Services	144,005	601
Thibert, James	General Manager, EDTC	107,538	

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### 18. Contingencies

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

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### 19. Commitments

The Town has entered into an operating lease agreement for office and other equipment. The equipment was purchased in 2006:

2006	\$ 8,465
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The Town has entered into agreements with local physicians for the purpose of establishing group health care facilities within the Town. Annual payments to the group practices under these agreements for the next three years are as follows:

2006	\$ 50,000
2007	50,000
2008	25,000

The full amount of this outstanding commitment has been recorded as a liability as of December 31, 2005.

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# **Town of Fort Erie**

## **Notes to the Consolidated Financial Statements**

For the Year Ended December 31, 2005

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### **20. Financial instruments**

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

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### **21. Comparative figures**

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