

Consolidated Financial Statements of

**THE CORPORATION OF THE
MUNICIPALITY OF THAMES CENTRE**

Year ended December 31, 2010



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of Thames Centre

We have audited the accompanying consolidated financial statements of The Corporation of the Municipality of Thames Centre, which comprise the statement of consolidated financial position as at December 31, 2010, the consolidated statements of operations and accumulated surplus, change in net financial assets, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, 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 our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Municipality of Thames Centre as at December 31, 2010, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

September 26, 2011

London, Canada

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Consolidated Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	2010	2009
Financial Assets:		
Cash and term deposits	\$ 5,483,124	\$ 4,179,217
Taxes receivable	1,094,968	1,121,345
Accounts receivable	6,306,323	2,364,095
Investments (note 2)	4,199,056	4,491,180
Long-term receivables	1,678,997	2,448,875
	<u>18,762,468</u>	<u>14,604,712</u>
Financial Liabilities:		
Accounts payable and accrued liabilities	4,698,231	2,450,290
Deferred revenue (note 3)	5,232,318	7,315,578
Long-term liabilities (note 4)	6,232,638	1,998,346
Landfill closure and post-closure liability (note 5)	538,696	653,917
	<u>16,701,883</u>	<u>12,418,131</u>
Net financial assets	2,060,585	2,186,581
Non-Financial Assets:		
Tangible capital assets (note 15)	71,774,748	62,176,867
Prepaid expenses	17,194	25,566
	<u>71,791,942</u>	<u>62,202,433</u>
Contingent liabilities (note 9)		
Commitments (note 10)		
Accumulated surplus (note 14)	<u>\$ 73,852,527</u>	<u>\$ 64,389,014</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2010, with comparative figures for 2009

	Budget 2010 (unaudited)	Actual 2010	Actual 2009
Revenues:			
Property taxation	\$ 6,278,411	\$ 6,102,193	\$ 5,790,920
User charges, rents and leases	3,397,440	3,307,122	3,017,690
Government grants (note 12)	1,528,788	9,720,486	2,972,811
Penalties and interest on taxes	47,500	266,722	67,498
Investment income	271,228	141,307	449,021
Donations	25,000	1,055,393	127,426
Management fee refund	-	-	52,866
Development levies earned	-	2,082,583	-
Gain (Loss) on the sale of assets	-	33,661	(85,417)
Developer contributions	-	-	331,994
Other	855,108	31,786	99,692
Total revenues	12,403,475	22,741,253	12,824,501
Expenditures:			
General government	1,370,691	1,567,358	1,399,725
Protection to persons and property	2,487,848	2,607,595	2,111,388
Transportation services	2,471,924	4,853,628	5,415,498
Environmental services	1,877,397	2,229,157	2,386,509
Health services	50,331	48,249	46,897
Recreation and cultural services	1,444,691	1,622,021	1,615,694
Planning and development	344,004	349,732	201,008
Total expenditures	10,046,886	13,277,740	13,176,719
Annual surplus (deficit)	2,356,589	9,463,513	(352,218)
Accumulated surplus, beginning of year	64,389,014	64,389,014	64,741,232
Accumulated surplus, end of year (note 14)	\$ 66,745,603	\$ 73,852,527	\$ 64,389,014

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Annual surplus (deficit)	\$ 9,463,513	\$ (352,218)
Acquisition of tangible capital assets	(12,881,003)	(6,317,147)
Amortization of tangible capital assets	3,277,730	3,723,147
Loss (gain) on sale of tangible capital assets	(33,661)	85,417
Proceeds on sale of tangible capital assets	39,053	52,257
	(134,368)	(2,808,544)
Change in prepaid expenses	8,372	(25,566)
Change in net financial assets	(125,996)	(2,834,110)
Net financial assets, beginning of year	2,186,581	5,020,691
Net financial assets, end of year	\$ 2,060,585	\$ 2,186,581

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Consolidated Statement of Cash Flow

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided for (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 9,463,513	\$ (352,218)
Items not involving cash:		
Amortization	3,277,730	3,723,147
Loss (gain) on sale of tangible capital assets	(33,661)	85,417
Developer contributions of tangible capital assets	-	(331,994)
Change in landfill liability	(115,221)	16,201
Change in non-cash assets and liabilities:		
Taxes receivable	26,377	(4,394)
Accounts receivable	(3,942,228)	(1,034,578)
Accounts payable and accrued liabilities	2,247,941	(367,819)
Prepaid expenses	8,372	(25,566)
Deferred revenue	(2,083,260)	3,266,774
	8,849,563	4,974,970
Investing activities:		
Change in investments	292,124	707,140
Proceeds from the sale of tangible capital assets	39,053	52,257
Purchase of capital assets	(12,881,003)	(5,985,153)
Changes in long-term receivables	769,878	(1,534,989)
	(11,779,948)	(6,760,745)
Financing activities:		
Proceeds from long-term debt	4,717,991	-
Long-term debt repayments	(483,699)	(468,661)
	4,234,292	(468,661)
Increase (decrease) in cash and term deposits	1,303,907	(2,254,436)
Cash and term deposits, beginning of year	4,179,217	6,433,653
Cash and term deposits, end of year	\$ 5,483,124	\$ 4,179,217

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

The Corporation of the Municipality of Thames Centre (the "Municipality") is a lower tier municipality in the County of Middlesex in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. Significant accounting policies:

The consolidated financial statements of 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 ("PSAB") of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the Municipality are:

(a) Basis of consolidation:

The consolidated financial statements reflect the assets, liabilities, revenue, expenditures and fund balances of the current, capital and reserve funds of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality. Inter-departmental and inter-organizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include Dorchester Union Cemetery.

(b) Trust funds:

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately.

(c) Deferred revenue, obligatory reserve funds:

The Municipality receives restricted contributions under the authority of provincial legislation and municipal by-laws. These funds, by nature, are restricted in their use and until applied to applicable expenditures, are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

(d) Basis of presentation:

Revenues and expenditures are recorded on the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services.

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies:

(e) Landfill closure and post-closure liability:

The Municipality accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions using the best information available to management.

Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

(f) Investments:

Investments are recorded at cost plus accrued interest and amortization of purchase premiums and discounts. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

Investments consist of authorized investments pursuant to provisions of the Municipal Act and comprise government and corporate bonds, debentures and short-term instruments of various financial institutions.

(g) Cash and cash equivalents:

The Municipality considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

(h) Employee future benefits:

The costs of multi-employer defined contribution pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period. As this is a multi-employer plan, no liability is recorded on the financial statements.

(i) Deferred revenue:

The Municipality receives certain amounts, from the federal and provincial governments, of which the proceeds may only be used in the conduct of certain programs or completion of specific work. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services are performed.

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(i) Government transfers:

Government transfers received relate to social services, child care, housing and health programs. Government transfers paid relate to social services programs. Transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(j) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net financial assets for the year.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of an asset. The cost, less residual value, of the tangible capital assets, excluding land are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Rate
Land improvements	15 years
Facilities	10-100 years
Equipment	4 – 10 years
Fleet	8 – 20 years
Transportation infrastructure	5 - 50 years
Engineering infrastructure	84-110 years

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(iii) Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(k) Budget figures:

Budget figures have been provided for comparison purposes. Given differences between the funding model and generally accepted principles for local governments established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB. The budget figures are unaudited.

(l) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenditures during the period. Significant estimates include the landfill closure and post-closure liability. In addition, the Municipality's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the consolidated financial statements in the period in which they become known.

2. Investments:

Investments, which consist primarily of government bonds, guaranteed investment certificates and mutual funds, are recorded at cost plus accrued interest. They have a market value of \$4,202,251 at December 31, 2010 (2009 - \$4,419,635).

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

3. Deferred revenue:

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Municipality are summarized below:

	2010	2009
Balance, beginning of year	\$ 7,315,578	\$ 4,048,804
Parkland contributions	386	321
Investment income	137,918	11,051
Federal gas tax proceeds	387,462	147,683
Contributions from developers	357,829	2,863,633
Development charges – Capital allocation	(2,082,583)	-
Ontario Building Grant	(468,048)	-
MIII Municipal Infrastructure Investment	(403,090)	-
Roads and bridges grant	(30,998)	36,023
Ontario Trillium Foundation	(5,103)	5,103
Elderly Person Centre – Seniors Special Grant	-	10,000
Ontario Small Waterworks Assistance Program	25,000	25,000
Upper Thames Conservation	728	-
Province of Ontario – HST assistance	1,000	-
Community Futures Development Corporation	-	750
Memorial donation – Marion Parker	(12,114)	25,000
Prepaid user charge	8,353	142,210
Balance, end of year	\$ 5,232,318	\$ 7,315,578

	2010	2009
Analyzed as follows:		
Recreation land	\$ 101,648	\$ 5,169,014
Lot levies	3,579,172	98,256
Federal gas tax funding	761,711	374,248
Provincial grants	414,861	1,296,100
Other	224,364	235,750
Prepaid user charge	150,562	142,210
Balance, end of year	\$ 5,232,318	\$ 7,315,578

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

4. Long-term liabilities:

(a) The long-term liabilities are comprised as follows:

	2010	2009
Tile drainage loans bearing interest at a rate of 8% responsibility for payment of principal and interest charges has been assumed by individuals	\$ 15,596	\$ 23,798
Debentures payable, maturing on November 1 in each of the years 2011 through 2027 bearing varying rates of interest between 5.03% and 6.55%, payable semi-annually on May 1 and November 1	980,623	1,223,792
Debenture payable, maturing on October 1, 2014 bearing interest at a rate of 2.55%, payable semi-annually on April 1 and October 1. Annual blended payments of principal and interest for each of the years 2011 to 2014 are \$98,884	373,774	461,446
Non-interest bearing loan payable to the Corporation of the County of Middlesex, repayable in semi-annual principal payments of \$72,327 on June 1 and December 1	362,645	289,310
Subordinate, secured loan advances from Infrastructure Ontario Projects Corporation ("OIPC") bearing interest at OIPC's floating rate, with interest payable monthly, advances due the earlier of November, 2014 and the date of the conversion to a debenture	4,500,000	-
	\$ 6,232,638	\$ 1,998,346

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

4. Long-term liabilities (continued):

- (b) Of the long-term liabilities reported in (a) of this note, the minimum principal repayments required by year are as follows:

	Principal	Interest	Total
2011	\$ 4,861,757	\$ 57,090	\$ 4,918,847
2012	209,504	160,710	370,214
2013	217,852	148,755	366,607
2014	226,564	136,270	361,834
2015	136,147	123,862	260,009
Thereafter	580,814	940,065	1,520,879

- (c) The principal and interest payments required to service commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

- (d) Interest expense on long-term liabilities in 2010 amounted to \$76,598 (2009 - \$79,642).

5. Landfill closure and post-closure liability:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities using an estimated inflation rate of 3.33% (2009 – 3.94%) and discounted at the Municipality's average long-term borrowing rate of 5.08% (2009 – 5.08%). The estimated total landfill closure and post-closure care expenditures are calculated to be \$2,327,848 (2009 - \$2,540,472.) The estimated liability for these expenditures is recognized as the landfill site's capacity is used. At December 31, 2010, an amount of \$538,696 (2009 - \$653,917) has been recognized to date with respect to landfill closure and post-closure liability.

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

5. Landfill closure and post-closure liability (continued):

The estimated remaining capacity of the Thames Centre Waste disposal site is 60% of its total estimated capacity and its estimated remaining life is thirty years, after which the period for post-closure care is estimated to be seventy years.

6. Trust funds:

Trust funds administered by the Municipality amounting to \$356,055 (2009 - \$336,950) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

7. Pension agreements:

The Municipality makes contributions to OMERS, which is a multi-employer plan, on behalf of 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 amount contributed to OMERS for current services in 2010 was \$148,983 (2009 - \$134,027).

8. Fair value of financial assets and financial liabilities:

The amounts reported on the Statement of Financial Position for cash, accounts receivable, taxes receivable and accounts payable and accrued liabilities approximate their fair values due to the immediate and short-term maturities of these items.

9. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2010, management believes that the Municipality has valid defences and appropriate insurance coverage in place. In the opinion of management, the aggregate amount of any potential liability is not expected to have a material effect on the Municipality's financial position.

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

10. Commitments:

The Municipality has entered into an agreement with the Ontario Provincial Police for the provision of police services. The term of the agreement is one year, commencing January 1, 2010. The total cost incurred for the year ended December 31, 2010 was \$1,381,511 (2009 - \$1,370,004).

Management has entered into various agreements for capital purchases. The amount of funds committed as at December 31, 2011 is \$2,405,891.

Management has entered into various agreements for property rentals. All of the contracts are valid for one year and automatically renew unless cancelled within sixty days notice. The amount of funds committed for 2011 are \$50,982.

11. Comparative figures:

Certain of the 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2010, with comparative figures for 2009

12. Government transfers:

The Municipality recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The Government transfers reported on the Statement of Operations are:

	2010	2009
Provincial grants:		
Aggregate resource fees	\$ 136,867	\$ 160,276
Drainage superintendent	48,940	44,186
Trillium Foundation	5,103	6,397
Municipal Infrastructure (M111)	403,090	-
Roads and bridges	30,998	(36,022)
Building Canada Fund	3,172,683	660,037
Ontario Municipal Partnership Fund	1,145,400	1,106,200
Waste diversion	100,856	41,389
MTO/401 accidents	17,170	7,000
Nursing home/seniors	39,356	46,651
Invest in Ontario	468,048	-
Community Futures Development	27,073	1,000
	<u>5,595,584</u>	<u>2,037,114</u>
Federal grants:		
Building Canada Fund	3,172,684	-
Community Adjustment Fund	932,877	-
Canada Day	692	864
Federal gas tax	18,492	918,906
Summer jobs	-	3,135
Community support	-	12,338
	<u>4,124,745</u>	<u>935,243</u>
Other grants:		
Middlesex/grant in lieu of taxes	157	454
Total revenues	<u>\$ 9,720,486</u>	<u>\$ 2,972,811</u>

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2010, with comparative figures for 2009

13. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2010 operating and capital budgets approved by Council on April 12, 2010. Amortization was not contemplated on development of the budget and, as such has not been included. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget amount
Revenues:	
Operating budget	\$ 12,403,475
Expenses:	
Operating budget	10,046,886
Annual surplus, as budgeted	2,356,589
Amortization	3,277,730
Annual surplus, as budgeted	\$ 5,634,319

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2010, with comparative figures for 2009

14. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2010	2009
Surplus:		
Invested in tangible capital assets	\$ 65,542,110	\$ 60,178,521
Other	1,803,421	(2,296,502)
	<u>67,345,531</u>	<u>57,882,019</u>
Reserves set aside by Council:		
Planning	112,150	112,150
Health	54,750	54,750
General government	3,371,671	3,371,671
Roads	1,555,121	1,555,121
Recreation and culture	190,544	190,544
Environmental	918,694	918,694
Protection	133,672	133,672
	<u>6,336,602</u>	<u>6,336,602</u>
Total reserves	6,336,602	6,336,602
Reserve Funds set aside for specific purposes by Council:		
Environmental	106,990	106,990
Recreation	63,404	63,403
	<u>170,394</u>	<u>170,393</u>
Total Reserve Funds	170,394	170,393
	<u>\$ 73,852,527</u>	<u>\$ 64,389,014</u>

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Financial Statements (continued)

Year ended December 31, 2010

15. Tangible capital assets:

The historical cost of tangible capital assets employed by the Municipality at December 31, 2010 is as follows:

Cost	Balance 2009	Additions	Disposals	Balance 2010
Land	\$ 4,542,485	\$ -	\$ -	\$ 4,542,485
Land improvements	492,187	10,821	-	503,008
Facilities	13,602,697	9,590,131	6,712	23,186,116
Fleet	5,298,192	687,491	107,290	5,878,393
Equipment	165,457	313,907	21,117	458,247
Transportation infrastructure	52,185,375	270,460	139,788	52,316,047
Environmental infrastructure	16,172,361	1,434,470	-	17,606,831
Work in process	3,445,199	573,723	-	4,018,922
	\$ 95,903,953	\$ 12,881,003	\$ 274,907	\$ 108,510,049

Accumulated amortization	Balance 2009	Disposals	Amortization	Balance 2010
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	152,645	-	25,901	178,546
Facilities	2,597,611	4,027	401,002	2,994,586
Fleet	2,944,067	107,290	326,450	3,163,227
Equipment	68,606	21,117	50,241	97,730
Transportation infrastructure	26,770,215	137,081	2,278,736	28,911,870
Environmental infrastructure	1,193,942	-	195,400	1,389,342
Work in process	-	-	-	-
	\$ 33,727,086	\$ 269,515	\$ 3,277,730	\$ 36,735,301

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Financial Statements (continued)

Year ended December 31, 2010

15. Tangible capital assets (continued):

Net book value	Balance 2009	Balance 2010
Land	\$ 4,389,840	\$ 4,542,485
Land improvements	(2,105,424)	324,462
Facilities	10,658,630	20,191,530
Fleet	5,229,586	2,715,166
Equipment	(26,604,758)	360,517
Transportation infrastructure	50,991,433	23,404,177
Environmental infrastructure	16,172,361	16,217,489
Work in process	3,445,199	4,018,922
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	\$ 62,176,867	\$ 71,774,748

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

16. Segmented information:

The Municipality is a municipal government institution that provides a range of services to its citizens, including police, fire, transportation, recreational and environmental. For management reporting purposes the Municipality's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal 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:

- (a) Administration: Includes corporate services and governance of the Municipality. Administration is responsible for human resource management. Support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status is provided as well as frontline reception and customer service.
- (b) Protection Services: Includes policing, fire protection, conservation authority, protective inspection and control and emergency measures. The mandate of the police services contract is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes detection, extinguishing and suppression services; emergency medical first response; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.
- (c) Transportation Services: This department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.
- (d) Environment Services: Includes the management and maintenance of Thames Centre landfill site and recycling depot that services the Municipality as well as the waste and recycling pick-up services for water sewer and storm.
- (e) Parks and Recreation: Provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, recreation fields and the arena.
- (f) Planning and Development: Manages rural development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geomatics services and drains.

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

16. Segmented information (continued):

For each segment separately reported, the segment revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. These municipal services are funded primarily by taxation such as property tax revenue. Taxation and payments-in-lieu of taxes are apportioned to these services based on the net surplus. Certain government transfers, transfer from other funds, and other revenue have been apportioned based on a percentage of budgeted expenses.

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 CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Schedule of Segmented Financial Information

Year ended December 31, 2010, with comparative figures for 2009

	Budget 2010 (unaudited)	Actual 2010	Actual 2009
General Government:			
Revenues:			
Property taxation	\$ 6,278,411	\$ 6,102,193	\$ 5,790,920
User charges	45,115	54,211	59,980
Government grants	1,139,650	934,564	1,107,519
Penalties and interest on taxes	47,500	266,722	67,497
Investment income	260,000	110,057	415,120
Donations	-	30	(280)
Other	204,492	14,884	73,593
Total revenues	7,975,168	7,482,661	7,514,349
Expenditures:			
Salary and wages	813,350	903,687	825,993
Materials	299,792	281,905	270,133
Contracted services	116,850	207,496	80,882
Rents and financial	316,574	130,276	86,508
External transfers	(175,875)	-	-
Amortization	-	43,994	15,440
Other expense	-	-	120,769
	1,370,691	1,567,358	1,399,725
Net revenues over expenditures	\$ 6,604,477	\$ 5,915,303	\$ 6,114,624

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Schedule of Segmented Financial Information

Year ended December 31, 2010, with comparative figures for 2009

	Budget 2010 (unaudited)	Actual 2010	Actual 2009
Protection Services:			
Revenues:			
User charges	\$ 257,560	\$ 250,322	\$ 341,240
Government grants	15,324	17,435	7,000
Donations	3,000	21,998	19,362
Other	1,500	3	-
Total revenues	277,384	289,758	367,602
Expenditures:			
Salary and wages	403,680	404,965	385,839
Materials	193,730	151,128	172,509
Contracted services	1,655,497	1,783,214	1,352,421
Rents and financial	-	5,000	20,087
Amortization expense	-	29,176	88,906
Other expense	141,606	141,606	-
External transfers	93,335	92,506	91,626
	2,487,848	2,607,595	2,111,388
Net expenditures over revenues	\$ (2,210,464)	\$ (2,317,837)	\$ (1,743,786)

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Schedule of Segmented Financial Information

Year ended December 31, 2010, with comparative figures for 2009

	Budget 2010 (unaudited)	Actual 2010	Actual 2009
Transportation Services:			
Revenues:			
User charges	\$ 18,800	\$ 24,443	\$ 21,650
Government grants	199,614	1,005,605	1,710,593
Donations	1,000	-	-
Development levies earned	-	40,000	-
Developer contributions	-	-	331,994
Sale of capital assets	-	33,661	21,948
Other	398,951	11,850	57,184
Total revenues	618,365	1,115,559	2,143,369
Expenditures:			
Salary and wages	803,700	844,752	697,670
Materials	1,172,027	532,107	1,043,652
Contracted services	5,000	6,275	8,855
Rents and financial	185,650	558,184	684,525
Amortization	-	2,609,763	2,977,646
Other expenses	305,547	302,547	3,150
	2,471,924	4,853,628	5,415,498
Net expenditures over revenues	\$ (1,853,559)	\$ (3,738,069)	\$ (3,272,129)

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Schedule of Segmented Financial Information

Year ended December 31, 2010, with comparative figures for 2009

	Budget 2010 (unaudited)	Actual 2010	Actual 2009
Environment Services:			
Revenues:			
User charges	\$ 2,318,232	\$ 2,088,265	\$ 1,831,841
Government grants	105,000	2,188,146	41,389
Investment income	2,228	26,611	24,613
Development levies earned	-	388,847	-
Sale of capital assets	-	-	(107,365)
Other	248,165	4,289	(35,861)
Total revenues	2,673,625	4,696,158	1,754,617
Expenditures:			
Salary and wages	434,752	471,947	641,574
Materials	231,077	25,280	260,349
Contracted services	711,380	1,011,446	783,149
Rents and financial	109,409	-	170,442
Amortization	-	493,902	525,435
Other	390,779	226,582	5,560
	1,877,397	2,229,157	2,386,509
Net revenues over expenditures (expenditures over revenues)	\$ 796,228	\$ 2,467,001	\$ (631,892)

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Schedule of Segmented Financial Information

Year ended December 31, 2010, with comparative figures for 2009

	Budget 2010	Actual 2010	Actual 2009
	(unaudited)		
Health Services:			
Revenues:			
User charges	\$ 57,153	\$ 77,563	\$ 63,443
Government grants	-	10,000	-
Investment income	9,000	4,488	9,244
Total revenues	66,153	92,051	72,687
Expenditures:			
Materials	24,715	10,452	9,090
Contracted services	24,200	36,660	36,098
Rents and financial	750	-	1,709
Amortization expense	-	471	-
Other expense	666	666	-
	50,331	48,249	46,897
Net revenues over expenditures	\$ 15,822	\$ 43,802	\$ 25,790

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Schedule of Segmented Financial Information

Year ended December 31, 2010, with comparative figures for 2009

	Budget 2010 (unaudited)	Actual 2010	Actual 2009
Community Services:			
Revenues:			
User charges	\$ 939,170	\$ 753,384	\$ 660,086
Government grants	26,200	5,488,723	49,786
Investment income	-	151	45
Management fee refund	-	-	52,866
Donations	21,000	1,033,365	108,344
Development levies earned	-	1,653,736	-
Other	2,000	-	4,776
Total revenues	988,370	8,929,359	875,903
Expenditures:			
Salary and wages	746,536	745,851	708,020
Materials	434,322	552,749	554,506
Contracted services	157,371	80,227	166,284
Rents and financial	11,725	45,752	70,487
Amortization expense	-	100,424	115,720
Other	94,737	97,018	677
	1,444,691	1,622,021	1,615,694
Net revenues over expenditures (expenditures over revenues)	\$ (456,321)	\$ 7,307,338	\$ (739,791)

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Schedule of Segmented Financial Information

Year ended December 31, 2010, with comparative figures for 2009

	Budget 2010	Actual 2010	Actual 2009
	(unaudited)		
Development Services:			
Revenues:			
User charges	\$ 59,410	\$ 58,934	\$ 39,450
Government grants	43,000	76,013	56,524
Other	-	760	-
Total revenues	102,410	135,707	95,974
Expenditures:			
Salary and wages	230,830	216,719	150,563
Materials	25,226	30,741	19,299
Contracted services	80,950	94,192	25,700
Rents and financial	200	2,271	46
Other	6,798	5,809	5,400
	344,004	349,732	201,008
Net expenditures over revenues	\$ (241,594)	\$ (214,025)	\$ (105,034)