



Grant Thornton

Consolidated Financial Report

**The Corporation of the Municipality of  
Huron Shores**

December 31, 2010

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## Independent auditors' report

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To the Members of Council, Inhabitants and Ratepayers of  
The Corporation of the Municipality of Huron Shores

We have audited the accompanying consolidated financial statements of The Corporation of the Municipality of Huron Shores, which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statement of operations, accumulated surplus, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the 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 consolidated financial statements.

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

### Opinion

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

### Other matters

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.

The consolidated financial statements of The Corporation of the Municipality of Huron Shores for the year ended December 31, 2009, were audited by another chartered accountant who expressed an unmodified opinion on those statements dated October 22, 2010.

Sault Ste. Marie, Ontario

June 8, 2011



Chartered accountants

Licensed public accountants

# The Corporation of the Municipality of Huron Shores

## Consolidated Statement of Financial Position

As at December 31

2010

2009

<b>Financial assets</b>		
Cash and short-term investments (Note 2)	\$ 1,970,010	\$ 1,901,706
Taxes receivable	674,524	571,216
Accounts receivable (Note 3)	718,657	731,393
Other financial assets	<u>25,873</u>	<u>32,811</u>
<b>Total financial assets</b>	<b><u>3,389,064</u></b>	<b><u>3,237,126</u></b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 244,180	\$ 361,687
Deferred revenue – general (Note 4)	22,394	35,908
Deferred revenue – obligatory reserve funds (Note 5)	108,367	3,943
Temporary loans	-	125,000
Long-term liabilities (Note 13)	87,848	114,526
Landfill closure and post-closure care liability (Note 7)	630,106	398,385
Employee benefits and other liabilities (Note 6)	<u>12,703</u>	<u>13,405</u>
<b>Total liabilities</b>	<b><u>1,105,598</u></b>	<b><u>1,052,854</u></b>
<b>Net financial assets</b>	<b><u>2,283,466</u></b>	<b><u>2,184,272</u></b>
<b>Non-financial assets</b>		
Prepaid expenses	13,642	4,133
Tangible capital assets (Note 12)	<u>9,150,434</u>	<u>8,776,720</u>
<b>Total non-financial assets</b>	<b><u>9,164,076</u></b>	<b><u>8,780,853</u></b>
<b>Accumulated surplus</b>	<b><u>\$ 11,447,542</u></b>	<b><u>\$ 10,965,125</u></b>

On behalf of Municipal Council

\_\_\_\_\_ Mayor \_\_\_\_\_ Councillor

See accompanying notes to the consolidated financial statements.

# The Corporation of the Municipality of Huron Shores

## Consolidated Statement of Operations

For the Year Ended December 31	Budget	2010	2009
	(unaudited)		
<b>Revenues</b>			
Residential and farm taxation (Note 8)	\$ 2,274,827	\$ 2,334,489	\$ 2,320,100
<b>Fees, licenses and rents (Note 10)</b>	43,454	<b>114,765</b>	103,127
<b>Government transfers (Note 11)</b>	1,776,622	<b>1,683,875</b>	2,581,691
<b>Other</b>			
Investment income	26,619	<b>28,485</b>	20,493
Penalties and interest on taxes	110,000	<b>113,591</b>	113,382
Sale of land and assets	19,360	<b>8,303</b>	9,253
Loss on disposal of tangible assets	-	<b>(63,865)</b>	(8,523)
Donations and other	42,587	<b>23,279</b>	11,717
<b>Total revenues</b>	<u>4,293,469</u>	<u><b>4,242,922</b></u>	<u>5,151,240</u>
<b>Expenditures</b>			
General government	737,454	<b>637,865</b>	768,726
Protection to persons and property	502,319	<b>522,605</b>	455,704
Transportation services	1,737,166	<b>1,151,576</b>	1,173,301
Environmental services	152,932	<b>369,763</b>	135,276
Health services	320,149	<b>315,294</b>	324,064
Social and family services and housing	553,605	<b>553,281</b>	764,997
Recreational and cultural services	354,847	<b>170,571</b>	195,067
Planning and development	177,588	<b>39,550</b>	29,041
<b>Total expenditures</b>	<u>4,536,060</u>	<u><b>3,760,505</b></u>	<u>3,846,176</u>
<b>Annual surplus (deficit)</b>	<u>(242,591)</u>	<b>482,417</b>	1,305,064
Opening accumulated surplus		<u><b>10,965,125</b></u>	<u>9,660,061</u>
Ending accumulated surplus		<u><b>\$ 11,447,542</b></u>	<u>\$ 10,965,125</u>

See accompanying notes to the consolidated financial statements.

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# The Corporation of the Municipality of Huron Shores

## Consolidated Statement of Accumulated Surplus

For the Year Ended December 31

2010

2009

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### Accumulated surplus (deficit)

#### Consists of

Reserves set aside for specific purposes by Council

Cash flow reserves	\$ 585,875	\$ 485,875
Reserves for capital purposes	<u>2,235,743</u>	<u>1,878,903</u>

#### Total reserves

	<u>2,821,618</u>	<u>2,364,778</u>
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#### Surpluses

Invested in tangible capital assets	9,150,434	8,776,720
Operating surplus	206,147	349,943
Unfunded		
Landfill closure and post closure liabilities	(630,106)	(398,385)
Net long-term liabilities	(87,848)	(114,526)
Post employment benefits	<u>(12,703)</u>	<u>(13,405)</u>

#### Total surpluses

	<u>8,625,924</u>	<u>8,600,347</u>
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Accumulated surplus

	<u>\$ 11,447,542</u>	<u>\$ 10,965,125</u>
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See accompanying notes to the consolidated financial statements.

# The Corporation of the Municipality of Huron Shores Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31

	2010	2009
Annual surplus	\$ 482,417	\$ 1,305,064
Acquisition of tangible capital assets	(868,340)	(1,693,994)
Amortization of tangible capital assets	371,314	360,926
Reversal of prior period write offs	59,447	-
Loss on sale of tangible capital assets	<u>63,865</u>	<u>8,523</u>
	<b>108,703</b>	<b>(19,481)</b>
Use of (acquisition of) prepaid expenses, net	<u>(9,509)</u>	<u>5,092</u>
Increase (decrease) in net financial assets	<b>99,194</b>	<b>(14,389)</b>
Net financial assets at the beginning of year	<u>2,184,272</u>	<u>2,198,661</u>
Net financial assets at the end of year	<u><b>\$ 2,283,466</b></u>	<u><b>\$ 2,184,272</b></u>

See accompanying notes to the consolidated financial statements.



# The Corporation of the Municipality of Huron Shores

## Consolidated Statement of Cash Flows

For the Year Ended December 31

2010

2009

<b>Cash flows from operating transactions</b>		
<b>Annual surplus</b>	\$ 482,417	\$ 1,305,064
<b>Non-cash charges to operations</b>		
Amortization	371,314	360,926
Loss of sale of tangible capital assets	63,865	8,523
(Increase) decrease in taxes receivable	(103,307)	82,585
Decrease (increase) in accounts receivables	12,735	(513,973)
(Increase) decrease in prepaids	(9,509)	5,092
Decrease in other financial assets	6,938	52,157
(Decrease) in accrued post-employment benefits	(702)	(5,246)
(Decrease) increase in accounts payable and accrued liabilities	(117,507)	141,583
(Decrease) increase in deferred revenue	(13,514)	19,234
Increase in deferred revenue – obligatory reserve funds	104,424	1
Increase in accrued landfill closure and post-closure	<u>231,721</u>	<u>16,541</u>
<b>Cash provided by operating transactions</b>	<u>1,028,875</u>	<u>1,472,487</u>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(868,340)	(1,693,994)
Reversal of prior period writeoffs	<u>59,447</u>	<u>-</u>
<b>Cash used in capital transactions</b>	<u>(808,893)</u>	<u>(1,693,994)</u>
<b>Financing transactions</b>		
Repayment of long term debt	(26,678)	(26,209)
Proceeds from short term debt	-	125,000
Repayment of short term debt	<u>(125,000)</u>	<u>-</u>
<b>Cash used in financing transactions</b>	<u>(151,678)</u>	<u>98,791</u>
<b>Net change in cash</b>	68,304	(122,716)
<b>Cash, beginning of year</b>	<u>1,901,706</u>	<u>2,024,422</u>
<b>Cash, end of year</b>	<u>\$ 1,970,010</u>	<u>\$ 1,901,706</u>

See accompanying notes to the consolidated financial statements.

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# The Corporation of the Municipality of Huron Shores

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

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The Corporation of the Municipality of Huron Shores is a municipality 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 Corporation of the Municipality of Huron Shores (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, 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. These financial statements include the fully consolidated entities of Huron Shores Cemetery Board and Huron Shores Public Library Board.

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of loans or advances between reserve funds and any other fund of the Municipality and the resulting interest income and expenditures.

Under PSAB standards, the Municipality reports only its share of assets, liabilities and results of operations of any government partnerships in which it participates. The Municipality does not participate in any government partnerships.

Trust funds and their related operations administered by the Municipality are not included in these financial statements.

#### (b) Basis of accounting

##### Government transfers

Government 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.

##### Accrual basis of accounting

The Municipality follows the accrual basis of accounting for revenues and expenditures. Revenues are normally recognized in the year in which they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of goods or services and/or the creation of a legal obligation to pay.

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# The Corporation of the Municipality of Huron Shores

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

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### 1. Significant accounting policies (continued)

#### (c) Cash and short-term investments

Cash and short-term investments are represented by cash on hand, cash on deposit in chartered banks and investments which are readily convertible to cash.

#### (d) 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 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 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 the asset. The cost, less residual value of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives as follows:

Land improvements	25 years
Buildings	80 years
Furniture, fixtures and equipment	4 to 25 years
Vehicles	5 to 25 years
Library collection	7 years
Roads infrastructure	10 to 50 years
Bridges and culverts infrastructure	20 to 50 years
Street lighting infrastructure	10 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 market value at the date of receipt and are also recorded as revenue.

##### iii) Leased tangible capital assets

Leases which transfer substantially all 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 expenses as incurred.

##### iv) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

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# The Corporation of the Municipality of Huron Shores

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

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### 1. Significant accounting policies (continued)

#### (d) Non financial assets (continued)

##### v) Interest capitalization

Borrowing costs incurred as a result of the acquisition, construction and production of an asset that takes a substantial period of time to prepare for its intended use are capitalized as part of the cost of the asset. Capitalization of interest costs commenced when the expenses are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalization is suspended during periods in which active development is interrupted. Capitalization ceases when substantially all of the activities necessary to prepare the asset for its intended use are complete. If only minor modifications are outstanding, this indicates that substantially all of the activities are complete.

##### vi) Inventories of supplies

Inventories of supplies held for consumption are recorded at the lower of cost and net replacement cost.

#### (e) Deferred revenue

Deferred revenue represents property taxes, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

Unexpended funds received by the Municipality for parkland and subdivider contributions are reported as deferred revenue and will be recognized as revenue in the fiscal year in which the eligible expenditures are incurred.

#### (f) Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, landfill closure and post-closure liability and employee future benefits. In addition, the Municipality's implementation of the Public Sector Accounting Handbook Section 3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from these estimates.

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# The Corporation of the Municipality of Huron Shores

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

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### 1. Significant accounting policies (continued)

#### (g) Reserves for future expenditures

Certain amounts, as approved by Municipal Council, are set aside in reserves and reserve funds for future operations and capital expenditures. Reserve and reserve fund balances are included in accumulated surplus.

#### (h) Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by City Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment.

Once a supplementary roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments of the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the school boards, as appropriate.

#### (i) School board transactions

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

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### 2. Cash and short-term investments

Total cash and short-term investments of \$1,970,010 (2009: \$1,901,706) are reported on the consolidated statement of financial position at cost and have a market value of \$1,970,010 (2009: \$1,901,706).

# The Corporation of the Municipality of Huron Shores

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

<b>3. Accounts receivable</b>	<u>2010</u>	<u>2009</u>
GST / HST receivable	\$ 101,743	\$ 102,226
Canada specific grants	120,012	289,719
Ontario specific grants	481,496	298,710
Receivable from school boards	3,220	14,345
Other receivables	<u>12,186</u>	<u>26,393</u>
	<b>718,657</b>	<b>731,393</b>
Less allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u><b>\$ 718,657</b></u>	<u><b>\$ 731,393</b></u>

<b>4. Deferred revenue – general</b>	<u>2010</u>	<u>2009</u>
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Deferred revenue, which is reported on the consolidated statement of financial position is further analysed as follows:

Tax pre-payments	\$ 16,628	\$ 21,148
Other deferred revenue	<u>5,766</u>	<u>14,760</u>
	<u><b>\$ 22,394</b></u>	<u><b>\$ 35,908</b></u>

<b>5. Deferred revenue – obligatory reserve funds</b>	<u>2010</u>	<u>2009</u>
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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 legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory funds of the Municipality are as follows:

Parkland and subdivider contributions	\$ 3,943	\$ 3,943
Gas tax funds	<u>104,424</u>	<u>-</u>
	<u><b>\$ 108,367</b></u>	<u><b>\$ 3,943</b></u>

<b>6. Employee benefits and other liabilities</b>	<u>2010</u>	<u>2009</u>
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The Municipality provides certain employee benefits which will require funding in future periods. Employees may become entitled to a cash payment when they leave the Municipality's employment based on total years of service.

Accumulated retirement allowances	\$ 9,030	\$ 8,077
Vacation pay	<u>3,673</u>	<u>5,328</u>
	<u><b>\$ 12,703</b></u>	<u><b>\$ 13,405</b></u>

# The Corporation of the Municipality of Huron Shores

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

### 7. Landfill closure and post-closure care liability

The liability represents for site restoration and abandonment of the four waste disposal sites is based on the Municipality's proportionate share of the present value of future cash flows associated with closure costs. The change in the liability is recorded based on the capacity of the landfill sites used to date. The recorded liability of \$630,106 (2009: \$398,385) is based on the total estimated cash outflow in the future, an inflation rate of 3%, 25 years of post closure care for all sites, and the following assumptions:

Site location	Expected closure date	Expected closure and post closure costs	Closure and post closure liability
Day & Bright Township	2015	\$ 594,686	\$ 320,260
Thompson Township	2045	1,448,412	290,722
Village of Iron Bridge	2100	315,000	9,562
Thessalon Township	2100	315,000	9,562
<b>Total</b>		<b>\$ 2,673,098</b>	<b>\$ 630,106</b>

The Municipality has established reserve funds to mitigate the future impact of this obligation. The balance of the Landfill Closure and Post-Closure Reserve Fund is \$195,126 (2009: \$168,798).

### 8. Taxation

	Budget (unaudited)	2010	2009
Real property	\$ 2,239,840	\$ 2,275,695	\$ 2,262,178
Payments in lieu of taxes	34,987	58,794	57,922
	<u>\$ 2,274,827</u>	<u>\$ 2,334,489</u>	<u>\$ 2,320,100</u>
Residential	\$ 1,974,265	\$ 2,026,044	\$ 2,044,698
Multi-residential	2,204	2,262	2,498
Commercial and industrial	271,512	278,634	243,660
Farmlands	25,425	26,091	27,904
Managed forests	1,421	1,458	1,340
<b>Net taxes available for municipal purposes</b>	<u>\$ 2,274,827</u>	<u>\$ 2,334,489</u>	<u>\$ 2,320,100</u>

### 9. Collections for school boards

	2010	2009
Total taxation, user charges and development charges received or receivable on behalf of the school boards were as follows:		
English public	\$ 413,070	\$ 413,740
English separate	68,906	74,791
French public	4,104	4,228
French separate	15,157	15,560
	<u>\$ 501,237</u>	<u>\$ 508,319</u>

The Municipality is required to levy and collect taxes on behalf of the school boards. These taxes are remitted to the school boards at the amounts levied. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

# The Corporation of the Municipality of Huron Shores

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

<b>10. Fees, licenses and rents</b>	<u>Budget</u> (unaudited)	<u>2010</u>	<u>2009</u>
User fees and service charges			
General government	\$ 5,960	\$ 4,251	\$ 2,410
Protection to persons and property	6,700	15,455	13,030
Transportation	500	40,969	49,120
Environmental	7,200	26,328	8,325
Health	-	1,500	1,800
Recreation and culture	8,084	10,414	11,803
Planning and development	2,000	650	2,000
	<u>30,444</u>	<u>99,567</u>	<u>88,488</u>
Licenses and permits			
General government	300	224	367
Protection to persons and property	8,140	10,800	8,971
	<u>8,440</u>	<u>11,024</u>	<u>9,338</u>
Rents and leases			
General government	200	200	200
Transportation	840	600	840
Recreation and culture	3,530	3,374	4,261
	<u>4,570</u>	<u>4,174</u>	<u>5,301</u>
Total fees, licenses and rents	<u>\$ 43,454</u>	<u>\$ 114,765</u>	<u>\$ 103,127</u>

<b>11. Government transfers</b>	<u>Budget</u> (unaudited)	<u>2010</u>	<u>2009</u>
Government of Canada			
General government	\$ -	\$ -	\$ 416
Transportation service s	207,809	95,904	532,869
Recreation and culture	1,437	2,129	3,497
	<u>209,246</u>	<u>98,033</u>	<u>536,782</u>
Province of Ontario			
General government	1,530,283	1,388,000	1,981,184
Protection to persons and property	-	39,390	-
Transportation services	-	98,412	-
Environmental services	8,000	15,869	9,061
Recreation and culture	14,093	32,036	22,882
	<u>1,552,376</u>	<u>1,573,707</u>	<u>2,013,127</u>
Municipal grant			
General government	15,000	12,135	31,782
Total government transfers	<u>\$ 1,776,622</u>	<u>\$ 1,683,875</u>	<u>\$ 2,581,691</u>



# The Corporation of the Municipality of Huron Shores

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

### 12. Tangible capital assets

2010

The following classifies the tangible capital assets by object:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Land	\$ 881,345	\$ -	\$ 881,345
Land improvements	73,274	9,668	63,606
Buildings	1,147,172	265,864	881,308
Fixtures, machinery and equipment	412,919	197,334	215,585
Vehicles	1,572,270	587,513	984,757
Library collection	22,276	10,639	11,637
Roads infrastructure	10,213,494	5,921,777	4,291,717
Bridges and culverts infrastructure	2,854,500	1,358,527	1,495,973
Street lighting infrastructure	300,940	263,292	37,648
Assets under construction	286,858	-	286,858
	<u>\$ 17,765,048</u>	<u>\$ 8,614,614</u>	<u>\$ 9,150,434</u>

2009

The following classifies the tangible capital assets by object:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Land	\$ 881,345	\$ -	\$ 881,345
Land improvements	66,234	6,843	59,391
Buildings	1,135,071	247,962	887,109
Fixtures, machinery and equipment	388,362	164,779	223,583
Vehicles	1,426,311	591,856	834,455
Library collection	20,210	9,693	10,517
Roads infrastructure	9,890,887	5,819,637	4,071,250
Bridges and culverts infrastructure	2,829,660	1,284,920	1,544,740
Street lighting infrastructure	288,843	258,313	30,530
Assets under construction	233,800	-	233,800
	<u>\$ 17,160,723</u>	<u>\$ 8,384,003</u>	<u>\$ 8,776,720</u>

# The Corporation of the Municipality of Huron Shores

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

### 12. Tangible capital assets (continued)

2010

The following classifies the tangible capital assets by department:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
General government	\$ 1,083,866	\$ 139,382	\$ 944,484
Protective services	1,029,080	270,507	758,573
Transportation	14,377,400	7,967,739	6,409,661
Environmental	38,102	1,467	36,635
Health	3,587	-	3,587
Social and family services	72,820	14,181	58,639
Recreation and culture	1,160,193	221,338	938,855
	<u>\$ 17,765,048</u>	<u>\$ 8,614,614</u>	<u>\$ 9,150,434</u>

2009

The following classifies the tangible capital assets by department:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
General government	\$ 1,081,386	\$ 122,753	\$ 958,633
Protective services	931,090	225,708	705,382
Transportation	13,963,995	7,821,621	6,142,374
Environmental	38,102	1,314	36,788
Health	3,587	-	3,587
Social and family services	72,820	13,418	59,402
Recreation and culture	1,069,743	199,189	870,554
	<u>\$ 17,160,723</u>	<u>\$ 8,384,003</u>	<u>\$ 8,776,720</u>

### 13. Long-term liabilities

The balance of long-term liabilities reported on the consolidated statement of financial position is made up of bank borrowings for the purpose of purchasing capital assets for the fire department which was incurred in November of 2008. The non-revolving term facility requires blended payments of \$2,618.31 per month, is being amortized over a 5 year period, and has an interest rate of 4.63%. The long-term liability matures on December 1, 2013. The balance of the long-term liability is \$87,848 at year end (2009: \$114,526).

Principal repayments for each of the next three years are due as follows:

2011	\$ 27,940
2012	29,262
2013	30,646

Interest expense on the long-term liabilities amounted to \$4,741 in the year (2009: \$5,947). The interest expense is included in the protection to persons and property expenditures on the consolidated statement of operations.

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# The Corporation of the Municipality of Huron Shores

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

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### 14. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all permanent full time 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. As a result, \$36,122 (2009: \$34,017) was contributed to OMERS.

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### 15. Trust funds

The Trust Fund administered by the Municipality amounting to \$40,219 (2009: \$39,019) has 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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### 16. Measurement uncertainty

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. All assessed property values in the Municipality were reviewed and new values established based on a common valuation date that was used by the Municipality in computing the property tax bills. However, the property tax revenue and tax receivables of the Municipality are subject to measurement uncertainty as a number of appeals submitted by taxpayers have yet to be heard. Any adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the school boards, as appropriate.

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### 17. Financial instruments

Financial instruments of the Municipality consist of cash and short-term investments, taxes receivable, accounts receivable, accounts payable and accrued liabilities, and long-term liabilities. The book value of these financial instruments approximates carrying value as the instruments are either current in nature or bear interest at market rates.

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### 18. Credit risk

The Municipality has taxes receivable and accounts receivable that potentially expose it to a concentration of credit risk. The Municipality performs ongoing credit evaluation of accounts and maintains allowances for potential credit losses.

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### 19. Contributions to unconsolidated joint boards

2010

2009

The following contributions were made by the Municipality to these boards:

Algoma Health Unit	\$ 45,928	\$ 44,792
Algoma District Services Administration Board	358,683	896,305
Algoma District Homes for the Aged	-	37,805
	<u>\$ 404,611</u>	<u>\$ 978,902</u>

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# The Corporation of the Municipality of Huron Shores

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

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### 20. Public sector salary disclosure act

For 2010, no employees were paid salaries, as defined in the Public Sector Salary Disclosure Act, 1996 of \$100,000 or more.

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### 21. Segmented information

The Municipality is a diversified local government institution that provides a wide range of services to its citizens. For management reporting purposes, Municipal operations and activities are organized and reported by the Fund. 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:

#### General government

The administration department oversees the delivery of all government services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of Council.

#### Protection

Protection is comprised of police, fire/emergency, by-law enforcement and building inspections departments. The mandate of the police department 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. The fire/emergency department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. The by-law enforcement and building inspection department ensures properties are in compliance with applicable legislation, by-laws, building standards and construction codes.

#### Transportation

The transportation department is responsible for the delivery of Municipal public works services related to the planning, development and maintenance of roadway systems, winter control and street lighting.

#### Environmental

The environmental department is involved only the disposal of solid waste. The department provides waste minimization programs and facilities for solid waste disposal and diversion.

#### Health

Through the Algoma Health Unit, the Municipality contributes to public health services and education and through the Algoma District Services Administration Board, to ambulance services. In addition, this department oversees the care and maintenance of municipal cemeteries.

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# The Corporation of the Municipality of Huron Shores

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

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### 21. Segmented information (continued)

#### **Social and family services**

Through the Algoma District Services Administration Board, the Municipality contributes to social assistance payments, child care services and social housing. In addition, the Municipality provides alternative residential services for seniors.

#### **Recreation and cultural**

The recreation and cultural department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as parks, rink facilities, fitness and sports programs. It provides public services that contribute to healthy communities through partnerships, promotion, prevention, protection and enforcement. The department also contributes towards the information needs of the Municipality's citizens through the provision of library services.

#### **Planning and development**

The planning department provides a diverse bundle of services. It manages development for business, interests, environmental concerns, heritage matters and neighbourhoods through planning and community development activities. It facilitates economic development by providing services for the approval of all land development plans.

For each reported segment, revenues and expenses include 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies.

# The Corporation of the Municipality of Huron Shores Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

## 21. Segmented Information (continued)

	General Government	Protection	Transportation	Environmental	Health	Social and Family Services	Recreation and Cultural	Planning and Development	2010 Total	2009 Total
<b>Revenue</b>										
Taxation	\$ (2,018,405)	\$ 702,156	\$ 2,018,230	\$ 170,132	\$ 313,310	\$ 550,181	\$ 453,284	\$ 145,601	\$ 2,334,489	\$ 2,320,100
User charges, licenses and fees	4,675	26,255	41,569	26,328	1,500	-	13,788	650	114,765	103,127
Grants - Federal	-	-	95,904	-	-	-	-	-	-	-
Grants - Provincial	1,388,000	39,390	98,412	15,869	-	-	2,129	-	98,033	536,782
Grants - Municipal	12,135	-	-	-	-	-	32,036	-	1,573,707	2,013,127
Sale of land and assets	-	-	8,303	-	-	-	-	-	12,135	31,782
Loss on disposal of tangible assets	-	-	(63,865)	-	-	-	-	-	8,303	9,253
Other	143,460	-	-	9	668	-	21,218	-	165,355	145,592
<b>Total Revenue</b>	<b>(470,135)</b>	<b>767,801</b>	<b>2,198,553</b>	<b>212,338</b>	<b>315,478</b>	<b>550,181</b>	<b>522,455</b>	<b>146,251</b>	<b>4,242,922</b>	<b>5,151,240</b>
<b>Expenses</b>										
Salaries, wages and employee benefits	422,875	69,346	313,155	59,673	-	-	36,767	-	901,816	884,525
Rents and financial expenses	6,131	-	1,200	-	-	-	-	-	7,331	190,026
Long term debt	-	4,741	-	-	-	-	-	-	4,741	5,947
Operating materials and supplies	85,221	162,061	542,739	285,423	5,110	4,029	87,477	18,069	1,190,129	959,527
Contracted services	107,009	240,992	-	24,514	-	-	2,589	21,481	396,585	326,206
External transfers to others	-	666	9,750	-	310,184	548,489	19,500	-	888,589	1,119,019
Amortization	16,629	44,799	284,732	153	-	763	24,238	-	371,314	360,926
<b>Total Expenses</b>	<b>637,865</b>	<b>522,805</b>	<b>1,151,576</b>	<b>369,763</b>	<b>315,294</b>	<b>553,281</b>	<b>170,571</b>	<b>39,550</b>	<b>3,760,505</b>	<b>3,846,176</b>
<b>Net Surplus (Deficit)</b>	<b>\$ (1,108,000)</b>	<b>\$ 245,196</b>	<b>\$ 1,046,977</b>	<b>\$ (157,425)</b>	<b>\$ 184</b>	<b>\$ (3,100)</b>	<b>\$ 351,884</b>	<b>\$ 106,701</b>	<b>\$ 482,417</b>	<b>\$ 1,305,064</b>

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# The Corporation of the Municipality of Huron Shores

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

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### 22. Comparative amounts

Certain prior year amounts have been reclassified to conform with current year consolidated financial statement presentation.