

Consolidated Financial Statements of

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

Year ended December 31, 2011



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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 consolidated financial position as at December 31, 2011, 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, 2011, 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

June 25, 2012

London, Canada

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Consolidated Statement of Financial Position

December 31, 2011, with comparative figures for 2010

	2011	2010
Financial Assets:		
Cash and term deposits	\$ 10,360,202	\$ 5,483,124
Taxes receivable	1,132,333	1,094,968
Accounts receivable	3,969,302	6,306,323
Investments (note 2)	1,849,884	4,199,056
Long-term receivables	964,008	1,678,997
	<u>18,275,729</u>	<u>18,762,468</u>
Financial Liabilities:		
Accounts payable and accrued liabilities	4,749,697	4,698,231
Deferred revenue (note 3)	4,279,241	5,232,318
Long-term liabilities (note 4)	6,308,874	6,232,638
Landfill closure and post-closure liability (note 5)	497,443	538,696
	<u>15,835,255</u>	<u>16,701,883</u>
Net financial assets	2,440,474	2,060,585
Non-Financial Assets:		
Tangible capital assets (note 14)	76,318,647	71,774,748
Prepaid expenses	30,393	17,194
	<u>76,349,040</u>	<u>71,791,942</u>
Contingent liabilities (note 9)		
Commitments (note 10)		
Accumulated surplus (note 13)	<u>\$ 78,789,514</u>	<u>\$ 73,852,527</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, 2011, with comparative figures for 2010

	Budget 2011 (unaudited)	Actual 2011	Actual 2010
Revenues:			
Property taxation	\$ 6,740,170	\$ 6,537,610	\$ 6,102,193
User charges, rents and leases	3,221,388	3,177,159	3,307,122
Government grants (note 11)	1,545,964	6,234,732	9,720,486
Penalties and interest on taxes	107,500	361,413	266,722
Investment income	229,000	168,664	141,307
Donations	20,000	133,459	1,055,393
Development levies earned	-	1,625,407	2,082,583
Gain on the sale of assets	-	340,669	33,661
Other	100,500	416,012	31,786
Total revenues	11,964,522	18,995,125	22,741,253
Expenditures:			
General government	1,349,979	1,464,162	1,567,358
Protection to persons and property	2,738,232	2,515,295	2,607,595
Transportation services	2,087,179	5,012,548	4,853,628
Environmental services	1,824,395	2,470,483	2,229,157
Health services	76,703	66,320	48,249
Recreation and cultural services	1,752,226	2,148,227	1,622,021
Planning and development	344,013	381,103	349,732
Total expenditures	10,172,727	14,058,138	13,277,740
Annual surplus	1,791,795	4,936,987	9,463,513
Accumulated surplus, beginning of year	73,852,527	73,852,527	64,389,014
Accumulated surplus, end of year (note 13)	\$ 75,644,322	\$ 78,789,514	\$ 73,852,527

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, 2011, with comparative figures for 2010

	2011	2010
Annual surplus	\$ 4,936,987	\$ 9,463,513
Acquisition of tangible capital assets	(8,185,119)	(12,881,003)
Amortization of tangible capital assets	3,630,615	3,277,730
Gain on sale of tangible capital assets	(340,669)	(33,661)
Proceeds on sale of tangible capital assets	351,274	39,053
	393,088	(134,368)
Change in prepaid expenses	(13,199)	8,372
Change in net financial assets	379,889	(125,996)
Net financial assets, beginning of year	2,060,585	2,186,581
Net financial assets, end of year	\$ 2,440,474	\$ 2,060,585

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, 2011, with comparative figures for 2010

	2011	2010
Cash provided for (used in):		
Operating activities:		
Annual surplus	\$ 4,936,987	\$ 9,463,513
Items not involving cash:		
Amortization	3,630,615	3,277,730
Gain on sale of tangible capital assets	(340,669)	(33,661)
Change in landfill liability	(41,253)	(115,221)
Change in non-cash assets and liabilities:		
Taxes receivable	(37,365)	26,377
Accounts receivable	2,337,021	(3,942,228)
Accounts payable and accrued liabilities	51,466	2,247,941
Prepaid expenses	(13,199)	8,372
Deferred revenue	(953,077)	(2,083,260)
	9,570,526	8,849,563
Investing activities:		
Change in investments	2,349,172	292,124
Proceeds from the sale of tangible capital assets	351,274	39,053
Purchase of tangible capital assets	(8,185,119)	(12,881,003)
Changes in long-term receivables	714,989	769,878
	(4,769,684)	(11,779,948)
Financing activities:		
Proceeds from long-term debt	712,798	4,717,991
Long-term debt repayments	(636,562)	(483,699)
	76,236	4,234,292
Increase in cash and term deposits	4,877,078	1,303,907
Cash and term deposits, beginning of year	5,483,124	4,179,217
Cash and term deposits, end of year	\$ 10,360,202	\$ 5,483,124

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, 2011

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, 2011

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, 2011

1. Significant accounting policies (continued):

(j) 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.

(k) 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, 2011

1. Significant accounting policies (continued):

(k) 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.

(l) 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.

(m) 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 \$1,853,413 at December 31, 2011 (2010 - \$4,202,251).

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

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:

	2011	2010
Balance, beginning of year	\$ 5,232,318	\$ 7,315,578
Parkland contributions	549	386
Investment income	87,860	137,918
Federal gas tax proceeds	213,985	387,462
Contributions from developers	324,721	357,829
Development charges – Capital allocation	(1,500,407)	(2,082,583)
Ontario Building Grant	(2,572)	(468,048)
MIII Municipal Infrastructure Investment	-	(403,090)
Roads and bridges grant	(174,038)	(30,998)
Ontario Trillium Foundation	-	(5,103)
Elderly Person Centre – Seniors Special Grant	3,920	-
Ontario Small Waterworks Assistance Program	25,000	25,000
Upper Thames Conservation	-	728
Province of Ontario – HST assistance	-	1,000
Memorial donation – Marion Parker	(2,054)	(12,114)
Prepaid user charge	(4,935)	8,353
Indian Northern Affairs Canada	9,583	-
Municipal Water/Wastewater Extension Pre payment	8,000	-
Future Development Charge Agreement – Dorchester	25,380	-
Protection Services	19,267	-
Recreation	12,664	-
Balance, end of year	\$ 4,279,241	\$ 5,232,318

	2011	2010
Comprised as follows:		
Development Charges	\$ 2,593,541	\$ 3,680,820
Federal gas tax funding	975,697	761,711
Grants – Provincial	267,170	414,861
Grants - Federal	9,583	-
Grants - Other	430,606	367,347
Prepaid user charges	2,644	7,579
Balance, end of year	\$ 4,279,241	\$ 5,232,318

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

4. Long-term liabilities:

(a) The long-term liabilities at December 31 are as follows:

	2011	2010
Tile drainage loans bearing interest at a rate of 8%, responsibility for payment of principal and interest charges has been assumed by individuals	\$ 27,726	\$ 15,596
Debentures payable, maturing on November 1 in each of the years 2012 through 2027 bearing varying rates of interest between 5.03% and 6.55%, payable semi-annually on May 1 and November 1	869,039	980,623
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	283,851	373,774
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	-	144,655
Subordinate, secured loan advances from Infrastructure Ontario Projects Corporation ("OIPC") bearing interest at OIPC's 1.55%, with interest payable monthly, advances due the earlier of November, 2014 and the date of the conversion to a debenture	4,500,000	4,500,000
Non-interest bearing loan payable to the Corporation of the County of Middlesex, Thorndale wastewater treatment plant construction advance	569,490	217,990
Non-interest bearing loan payable to Upper Thames River Conservation Authority, administration building payable	58,768	-
	<u>\$ 6,308,874</u>	<u>\$ 6,232,638</u>

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

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
2012	\$ 2,341,099	\$ 89,092	\$ 2,430,191
2013	494,709	118,568	613,277
2014	506,402	106,875	613,277
2015	419,060	95,333	514,393
2016	260,753	85,214	345,967
Thereafter	2,286,851	600,885	2,887,736
	6,308,874	1,095,967	7,404,841

- (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 2011 amounted to \$124,821 (2010 - \$76,598).

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 3.01% (2010 – 3.33%) and discounted at the Municipality's average long-term borrowing rate of 5.08% (2010 – 5.08%). The estimated total landfill closure and post-closure care expenditures are calculated to be \$1,984,142 (2010 - \$2,327,848.). The estimated liability for these expenditures is recognized as the landfill site's capacity is used. At December 31, 2011, an amount of \$497,443 (2010 - \$538,696) 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, 2011

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 30 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 \$370,513 (2010 - \$356,055) 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 2011 was \$171,982 (2010 - \$148,983).

8. Fair value of financial assets and financial liabilities:

The Corporation's financial instruments include cash and term deposits, investments, accounts receivable, long-term receivables, accounts payable and accrued liabilities, and long-term liabilities. The fair values of these financial instruments approximate their carrying value due to the expected short-term maturity of these instruments. The term loan approximates its fair value as interest rates are equivalent to market rates available to the Corporation. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

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, 2011, 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, 2011

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, 2012. The total cost incurred for the year ended December 31, 2011 was \$1,498,856 (2010 - \$1,381,511).

Management has entered into various agreements for capital purchases. The amount of funds committed as at December 31, 2011 is \$3,831,863.

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 2012 is \$52,615.

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2011

11. Government grants:

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

	2011	2010
Provincial grants:		
Aggregate resource fees	\$ 177,766	\$ 136,867
Ministry of Agriculture - Drainage superintendent	45,482	48,940
Trillium Foundation	-	5,103
Municipal Infrastructure (M111)	-	403,090
Roads and bridges	174,038	30,998
Building Canada Fund	1,166,187	3,172,683
Ontario Municipal Partnership Fund	1,180,700	1,145,400
Waste diversion	104,499	100,856
MTO/401 accidents	15,990	17,170
Ontario Nursing Home Grant - Seniors Centre	35,400	39,356
Ontario Building Grant	2,572	468,048
Community Futures Development Corp	-	27,073
	<u>2,902,634</u>	<u>5,595,584</u>
Federal grants:		
Building Canada Fund	1,166,188	3,172,684
Community Adjustment Fund	1,967,123	932,877
Canada Day	692	692
Federal gas tax	197,935	18,492
	<u>3,331,938</u>	<u>4,124,745</u>
Other grants:		
Middlesex/grant in lieu of taxes	160	157
Total revenues	<u>\$ 6,234,732</u>	<u>\$ 9,720,486</u>

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2011

12. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2011 operating and capital budgets approved by Council on April 4, 2011. 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	\$ 11,964,522
Expenses:	
Operating budget	10,172,727
Annual surplus, as budgeted	1,791,795
Amortization	(3,630,615)
Capital expenditures	8,185,119
Annual surplus, as budgeted	\$ 6,346,299

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2011

13. Accumulated surplus:

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

	2011	2010
Surplus:		
Invested in tangible capital assets	\$ 70,009,773	\$ 65,542,110
Other	2,272,745	1,803,421
	<u>72,282,518</u>	<u>67,345,531</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	63,404
	<u>170,394</u>	<u>170,394</u>
Total Reserve Funds	170,394	170,394
	<u>\$ 78,789,514</u>	<u>\$ 73,852,527</u>

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Financial Statements (continued)

Year ended December 31, 2011

14. Tangible capital assets:

The historical cost of tangible capital assets employed by the Municipality at December 31, 2011 is as follows:

Cost	Balance 2010	Additions	Disposals	Balance 2011
Land	\$ 4,542,485	\$ 20,426	\$ -	\$ 4,562,911
Land improvements	503,008	164,343	443	666,908
Facilities	23,186,116	386,214	13,213	23,559,117
Fleet	5,878,393	1,038,227	544,333	6,372,287
Equipment	458,247	108,833	13,834	553,246
Transportation infrastructure	52,316,047	874,787	-	53,190,834
Environmental infrastructure	17,606,831	985,598	-	18,592,429
Work in process	4,018,922	4,606,691	-	8,625,613
	\$ 108,510,049	\$ 8,185,119	\$ 571,823	\$ 116,123,345

Accumulated amortization	Balance 2010	Amortization	Disposals	Balance 2011
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	178,546	26,423	166	204,803
Facilities	2,994,586	697,542	2,885	3,689,243
Fleet	3,163,227	365,392	544,333	2,984,286
Equipment	97,730	85,544	13,834	169,440
Transportation infrastructure	28,911,870	2,243,642	-	31,155,512
Environmental infrastructure	1,389,342	212,072	-	1,601,414
Work in process	-	-	-	-
	\$ 36,735,301	\$ 3,630,615	\$ 561,218	\$ 39,804,698

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Financial Statements (continued)

Year ended December 31, 2010

14. Tangible capital assets (continued):

Net book value	Balance 2010	Balance 2011
Land	\$ 4,542,485	\$ 4,562,911
Land improvements	324,462	462,105
Facilities	20,191,530	19,869,874
Fleet	2,715,166	3,388,001
Equipment	360,517	383,806
Transportation infrastructure	23,404,177	22,035,322
Environmental infrastructure	16,217,489	16,991,015
Work in process	4,018,922	8,625,613
	<hr/>	<hr/>
	\$ 71,774,748	\$ 76,318,647

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

15. 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, 2011

15. 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, 2011, with comparative figures for 2010

	Budget 2011 (unaudited)	Actual 2011	Actual 2010
General Government:			
Revenues:			
Property taxation	\$ 6,740,170	\$ 6,537,610	\$ 6,102,193
User charges	23,865	21,505	54,211
Government grants	1,182,150	1,181,553	934,564
Penalties and interest on taxes	107,500	361,413	266,722
Investment income	200,000	137,653	110,057
Donations	-	-	30
Gain on disposal of asset	-	20,426	-
Rents & leases	31,250	29,324	-
License & permits	5,000	6,738	-
Other	90,000	71,162	14,884
Total revenues	8,379,935	8,367,384	7,482,661
Expenditures:			
Salary and wages	813,350	986,596	903,687
Materials	308,842	220,221	281,905
Contracted services	127,350	207,854	207,496
Rents and financial	398,916	278,450	130,276
Amortization	-	67,080	43,994
Allocated costs	(299,729)	(297,229)	(290,367)
Other expense	1,250	1,190	-
	1,349,979	1,464,162	1,276,991
Reserved levies and rates	354,474	-	-
Net revenues over expenditures	\$ 6,675,482	\$ 6,903,222	\$ 6,205,670

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Schedule of Segmented Financial Information

Year ended December 31, 2011, with comparative figures for 2010

	Budget 2011 (unaudited)	Actual 2011	Actual 2010
Protection Services:			
Revenues:			
User charges	\$ 252,884	\$ 232,997	\$ 250,322
Government grants	15,000	15,989	17,435
Donations	3,000	16,881	21,998
Development levies earned	-	215,808	-
Other	1,500	12,517	3
Total revenues	272,384	494,192	289,758
Expenditures:			
Salary and wages	408,180	417,442	404,965
Materials	191,060	157,902	151,128
Contracted services	1,754,681	1,627,336	1,783,214
Rents and financial	-	9,173	5,000
Amortization expense	-	36,219	29,176
Other expense	14,670	11,682	141,606
Allocated costs	158,641	158,641	141,606
External transfers	211,000	96,900	92,506
	2,738,232	2,515,295	2,749,201
Net expenditures over revenues	\$ (2,465,848)	\$ (2,021,103)	\$ (2,459,443)

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Schedule of Segmented Financial Information

Year ended December 31, 2011, with comparative figures for 2010

	Budget 2011 (unaudited)	Actual 2011	Actual 2010
Transportation Services:			
Revenues:			
User charges	\$ 8,300	\$ 3,527	\$ 24,443
Government grants	199,614	513,670	1,005,605
Donations	1,000	-	-
Development levies earned	-	338,543	40,000
Gain on disposal of asset	-	90,348	33,661
License & permits	5,000	-	-
Rents & leases	5,500	3,399	-
Other	2,000	50,960	11,850
Total revenues	221,414	1,000,447	1,115,559
Expenditures:			
Salary and wages	803,700	822,005	844,752
Materials	1,171,168	1,160,336	532,107
Contracted services	5,000	6,065	6,275
Rents and financial	184,650	557,376	558,184
Amortization	-	2,612,797	2,609,763
Allocations	(87,039)	(87,039)	(94,404)
Capital recoveries	-	(63,565)	-
Other expenses	9,700	4,573	302,547
	2,087,179	5,012,548	4,759,224
Reserved levies and rates	787,977	-	-
Net expenditures over revenues	\$ (2,653,742)	\$ (4,012,101)	\$ (3,643,665)

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Schedule of Segmented Financial Information

Year ended December 31, 2011, with comparative figures for 2010

	Budget 2011 (unaudited)	Actual 2011	Actual 2010
Environment Services:			
Revenues:			
User charges	\$ 1,871,940	\$ 1,975,007	\$ 2,088,265
Government grants	80,000	4,414,686	2,188,146
Investment income	20,000	24,651	26,611
Development levies earned	-	979,171	388,847
Other	24,400	-	4,289
Total revenues	1,996,340	7,393,515	4,696,158
Expenditures:			
Salary and wages	436,000	440,539	471,947
Materials	270,353	235,196	25,280
Contracted services	801,100	906,128	1,011,446
Rents and financial	87,646	79,232	-
Amortization	-	513,016	493,902
Deferred costs	80,000	-	-
Capital cost recoveries	-	(9,501)	-
Allocated costs	143,746	143,746	142,614
Other	5,550	162,127	226,582
	1,824,395	2,470,483	2,371,771
Principle payments	345,982	-	-
Reserved levies and rates	(317,882)	-	-
Net revenues over expenditures	\$ 143,845	\$ 4,923,032	\$ 2,324,387

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Schedule of Segmented Financial Information

Year ended December 31, 2011, with comparative figures for 2010

	Budget 2011 (unaudited)	Actual 2011	Actual 2010
Health Services:			
Revenues:			
User charges	\$ 56,753	\$ 58,905	\$ 77,563
Government grants	-	-	10,000
License & permits	350	-	-
Other	50	-	-
Investment income	9,000	6,360	4,488
Total revenues	66,153	65,265	92,051
Expenditures:			
Materials	30,465	7,167	10,452
Contracted services	44,700	56,653	36,660
Rents and financial	750	750	666
Amortization expense	-	1,012	471
Allocated costs	738	738	666
Other expense	50	-	-
	76,703	66,320	48,915
Reserved levies and rates	24,000	-	-
Net revenues over expenditures (expenditures over revenues)	\$ (34,550)	\$ (1,055)	\$ 43,136

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Schedule of Segmented Financial Information

Year ended December 31, 2011, with comparative figures for 2010

	Budget 2011 (unaudited)	Actual 2011	Actual 2010
Community Services:			
Revenues:			
User charges	\$ 717,950	\$ 791,178	\$ 753,384
Government grants	26,200	63,352	5,488,723
Investment income	-	-	151
Management fee refund	-	(52,866)	-
Donations	16,000	116,578	1,033,365
Development levies earned	-	91,885	1,653,736
Naming rights	-	-	-
Gain on disposal of asset	-	229,895	-
Rents & leases	163,636	-	-
Other	2,100	6,151	-
Total revenues	925,886	1,246,173	8,929,359
Expenditures:			
Salary and wages	843,286	810,426	745,851
Materials	525,308	601,351	552,749
Contracted services	205,621	170,729	80,227
Rents and financial	96,225	78,898	45,752
Amortization expense	-	397,653	100,424
Allocated costs	77,836	75,336	94,087
Other	3,950	13,834	97,018
	1,752,226	2,148,227	1,716,108
Principle payments	50,000	-	-
Reserved levies and rates	244,400	-	-
Net revenues over expenditures (expenditures over revenues)	\$ (1,120,740)	\$ (902,054)	\$ 7,213,251

THE CORPORATION OF THE MUNICIPALITY OF THAMES CENTRE

Schedule of Segmented Financial Information

Year ended December 31, 2011, with comparative figures for 2010

	Budget 2011 (unaudited)	Actual 2011	Actual 2010
Development Services:			
Revenues:			
User charges	\$ 56,310	\$ 54,579	\$ 58,934
Government grants	43,000	45,482	76,013
Investment income	3,000	-	-
Other	100	328,088	760
Total revenues	102,410	428,149	135,707
Expenditures:			
Salary and wages	230,881	255,542	216,719
Materials	25,075	14,286	30,741
Contracted services	80,950	95,104	94,192
Rents and financial	200	10,327	2,271
Allocated costs	5,807	5,807	5,798
Other	1,100	37	5,809
	344,013	381,103	355,530
Net revenues over expenditures (expenditures over revenues)	\$ (241,603)	\$ 47,046	\$ (219,823)