



Consolidated Financial Report

The Corporation of the City of Elliot Lake

December 31, 2009

Contents

	Page
Auditors' Report	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3
Consolidated Statement of Accumulated Surplus	4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7-19



Auditors' report

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To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the City of Elliot Lake

We have audited the consolidated statement of financial position of The Corporation of the City of Elliot Lake as at December 31, 2009 and the consolidated statements of operations, accumulated surplus, changes in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2009 and the results of its operations, accumulated surplus, changes in net financial assets and changes in cash flows for the year then ended in accordance with generally accepted accounting principles.

Sault Ste. Marie, Ontario

March 12, 2010

Grant Thornton LLP

Chartered accountants

Licensed public accountants

The Corporation of the City of Elliot Lake

Consolidated Statement of Financial Position

As at December 31

2009

2008

Financial assets

Cash (Note 2)	\$ 13,755,714	\$ 17,819,489
Taxes receivable	355,814	328,855
Accounts receivable (Note 3)	2,580,175	575,976
Inventory for resale	20,608	52,654
Residential lots inventory for resale	98,925	81,005
Mortgage receivable (Note 4)	852,549	852,549
Loan receivable	200,000	100,000
Annuity	<u>-</u>	<u>107,631</u>

Total financial assets

17,863,785 19,918,159

Liabilities

Accounts payable and accrued expenses	\$ 1,575,870	\$ 1,639,988
Other liabilities	500,618	232,381
Deferred revenue	93,308	94,133
Long-term debt (Note 5)	1,438,795	1,533,080
Accrued sick leave (Note 6)	112,466	106,939
Accrued vacation pay	461,832	437,559
Accrued landfill closure and post-closure (Note 7)	2,495,400	2,430,294
Accrued retirement and post employment benefits (Note 8)	<u>1,080,600</u>	<u>1,010,300</u>

Total liabilities

7,758,889 7,484,674

Net financial assets

10,104,896 12,433,485

Non-financial assets

Prepaid expenses	115,910	95,232
Supplies inventory	308,815	310,544
Tangible capital assets (net)	<u>28,542,351</u>	<u>27,097,674</u>

Total non-financial assets

28,967,076 27,503,450

Accumulated surplus (deficit)

\$ 39,071,972 \$ 39,936,935

On behalf of City Council

_____ Mayor _____ Councillor

See accompanying notes to the consolidated financial statements.

The Corporation of the City of Elliot Lake

Consolidated Statement of Operations

For the Year Ended December 31	Budget	2009	2008
	(unaudited)		
Revenues			
Residential and farm taxation (Note 9)	\$ 10,653,122	\$ 10,606,034	\$ 10,693,065
User charges, licenses and fees (Note 10)	4,609,511	4,505,802	4,397,885
Grants			
Government of Canada (Note 12)	808,876	1,687,824	455,541
Province of Ontario (Note 12)	9,915,019	8,568,715	8,790,956
Other			
Investment income	415,536	197,116	492,088
Penalties and interest on taxes	75,000	58,296	69,573
Sale of land and assets	1,277,700	397,908	2,962,353
Donations and other (Note 13)	<u>512,631</u>	<u>640,289</u>	<u>918,748</u>
Total revenues	<u>28,267,395</u>	<u>26,661,984</u>	<u>28,780,209</u>
Expenditures			
General government	3,750,990	3,242,276	3,163,867
Protection to persons and property	4,786,529	4,826,918	4,686,639
Transportation services	6,006,430	5,267,931	5,660,874
Environmental services	6,523,902	3,981,000	3,653,903
Health services	1,452,869	1,444,214	1,223,004
Social and family services	1,776,846	1,781,834	1,772,375
Social housing	499,447	499,447	468,995
Recreational and cultural services	4,268,179	4,511,266	3,875,080
Planning and development	<u>4,530,490</u>	<u>1,972,061</u>	<u>2,530,856</u>
Total expenditures	<u>33,595,682</u>	<u>27,526,947</u>	<u>27,035,593</u>
Annual surplus (deficit)	<u>(5,328,287)</u>	<u>(864,963)</u>	1,744,616
Opening accumulated surplus		<u>39,936,935</u>	<u>38,192,319</u>
Ending accumulated surplus		<u>\$ 39,071,972</u>	<u>\$ 39,936,935</u>

See accompanying notes to the consolidated financial statements.

The Corporation of the City of Elliot Lake

Consolidated Statement of Accumulated Surplus

As at December 31

2009

2008

Accumulated surplus (deficit)

Consists of:

Reserves set aside for specific purposes by Council

Working capital	\$ 578,967	\$ 899,164
Elections	<u>74,245</u>	<u>64,245</u>

Total reserves

<u>653,212</u>	<u>963,409</u>
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Reserve funds set aside for specific purposes by Council

Capital expenditures	3,697,400	6,732,453
Cemetery capital development	37,206	15,554
Landfill closure and post closure	1,429,631	1,334,966
Sick leave	112,466	106,939
Economic development	138,699	145,156
Library rental and taxes annuity	-	107,631
Miner's Heritage	11,907	3,733
Civic centre theater improvements	18,997	18,578
Legislative requirements	366,292	685,176
MNR firefighting	<u>42,798</u>	<u>41,853</u>

Total reserve funds

<u>5,855,396</u>	<u>9,192,039</u>
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Total reserves and reserve funds

<u>6,508,608</u>	<u>10,155,448</u>
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Surpluses

Invested in tangible capital assets	28,542,351	27,097,674
Unexpended capital funding	7,435,740	4,940,856
Other surpluses	170,437	1,381,665
Unfunded:		
Landfill closure and post closure liabilities	(1,065,769)	(1,095,328)
Long term care debt	(1,368,235)	(1,442,536)
Airport long term loan	(70,560)	(90,544)
Retirement and post employment benefit obligation	<u>(1,080,600)</u>	<u>(1,010,300)</u>

Total surpluses

<u>32,563,364</u>	<u>29,781,487</u>
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Accumulated surplus (deficit)

<u>\$ 39,071,972</u>	<u>\$ 39,936,935</u>
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See accompanying notes to the consolidated financial statements.

The Corporation of the City of Elliot Lake Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31	2009	2008
Annual surplus (deficit)	\$ (864,963)	\$ 1,744,616
Acquisition of tangible capital assets	(4,977,397)	(2,511,899)
Amortization of tangible capital assets	<u>3,532,720</u>	<u>3,275,745</u>
	(2,309,640)	2,508,462
Consumption of (acquisition of) inventory, net	1,729	(137,419)
Use of (acquisition of) prepaid expenses, net	<u>(20,678)</u>	<u>1,653</u>
(Increase) decrease in net financial assets	(2,328,589)	2,372,696
Net financial assets at the beginning of year	<u>12,433,485</u>	<u>10,060,789</u>
Net financial assets / (net debt) at the end of year	<u>\$ 10,104,896</u>	<u>\$ 12,433,485</u>

See accompanying notes to the consolidated financial statements.

The Corporation of the City of Elliot Lake

Consolidated Statement of Cash Flows

For the Year Ended December 31

2009

2008

Cash flows from operating transactions		
Annual surplus (Deficit)	\$ (864,963)	\$ 1,744,616
Non-cash charges to operations		
Amortization	3,532,720	3,275,745
Decrease in taxes receivable	(26,959)	50,071
Decrease (increase) in accounts receivables	(2,004,199)	1,069,237
Decrease (increase) in inventory for resale	32,046	(2,474)
Decrease (increase) in own use inventory	1,729	(137,419)
Decrease (increase) in prepaids	(20,678)	1,653
Increase in lot inventory	(17,920)	(81,005)
Decrease in accounts payable and accrued liabilities	(64,118)	(365,981)
Increase (decrease) in other liabilities	268,237	(168,112)
Increase (decrease) in deferred revenue	(825)	39,909
Increase (decrease) in accrued sick leave	5,527	(50,960)
Increase (decrease) in accrued vacation pay	24,273	55,247
Increase in accrued landfill closure and post-closure	65,106	420,999
Increase in accrued post-employment benefits	70,300	4,848
Cash provided by operating transactions	<u>1,000,276</u>	<u>5,856,374</u>
Capital transactions		
Purchase of tangible capital assets	<u>(4,977,397)</u>	<u>(2,511,899)</u>
Cash used in capital transactions	<u>(4,977,397)</u>	<u>(2,511,899)</u>
Investing transactions		
Increase in mortgage receivable	(100,000)	(100,000)
Decrease in annuity	<u>107,631</u>	<u>101,307</u>
Cash used in investing transactions	<u>7,631</u>	<u>1,307</u>
Financing transactions		
Repayment of long term debt	(94,285)	(69,811)
Proceeds from long term debt	<u>-</u>	<u>90,544</u>
Cash used in financing transactions	<u>(94,285)</u>	<u>20,733</u>
Net change in cash	(4,063,775)	3,366,515
Cash, beginning of year	<u>17,819,489</u>	<u>14,452,974</u>
Cash, end of year	<u>\$ 13,755,714</u>	<u>\$ 17,819,489</u>

See accompanying notes to the consolidated financial statements.

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2009

1. Significant accounting policies

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

(a) Reporting entity

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

Elliot Lake Public Library Board
Elliot Lake Mining and Nuclear Museum
Elliot Lake Board of Commissioners of Police
Elliot Lake Residential Development Commission

Interdepartmental and organizational transactions and balances are eliminated.

The statements exclude trust assets that are administered for the benefit of external parties (Note 15).

(b) Basis of accounting

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

(c) Fund accounting

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

(d) Cash

Cash is represented by cash on hand and on deposit in chartered banks.

(e) Temporary investments and annuity

Temporary investments and annuity are valued at the lower of cost and market value.

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2009

1. Significant accounting policies (continued)

(f) 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 (Debt) for the year.

i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Capital work in progress are not amortized until the asset is put in use.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. The cost, less residual value of the tangible capital assets, is amortized on a straight line basis over their estimated useful lives as follows:

Land improvements	20 years to indefinite
Buildings	15 to 40 years
Machinery and equipment	3 to 40 years
Vehicles	6 to 40 years
Linear assets	8 to 40 years
Information technology	3 to 8 years
Parks infrastructure	5 to 40 years
Plants equipment	5 to 40 years

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.

iii) Leases

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

iv) Inventories

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

(g) Deferred revenue

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

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2009

1. Significant accounting policies (continued)

(h) Accrued landfill closure and post-closure

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 with respect to events extending over a twenty-five period using the best information available to management.

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

(i) Accrued retirement and post-employment benefits

The Municipality accrues its obligations for employee benefit plans. The cost of post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

(j) 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 (deficit).

(k) 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.

(l) Grants

Grants are recognized in the financial statements as revenues in the period in which events giving rise to the grants occur, providing the grants are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2009

1. Significant accounting policies (continued)

(m) 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.

(n) Use of estimates

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

2. Cash and temporary investments

Unrestricted cash and temporary investments are comprised of:

Cash on hand	\$ 4,200	\$ 4,250
Cash held in banks	<u>1,143,095</u>	<u>4,702,476</u>
	<u>1,147,295</u>	<u>4,706,726</u>

Restricted cash and temporary investments are comprised of:

Cash held in banks	7,816,727	8,481,708
Temporary investments (market value 2009: \$5,056,011; 2008: \$4,238,086)	<u>4,791,692</u>	<u>4,631,055</u>
	<u>12,608,419</u>	<u>13,112,763</u>
Total cash	<u>\$ 13,755,714</u>	<u>\$ 17,819,489</u>

3. Accounts receivable

Due from trust fund	\$ 6,378	\$ 24,470
Canada specific grants	795,331	44,818
Ontario specific grants	1,375,127	129,517
GST receivable	150,610	86,752
Accounts receivable general	185,984	143,659
Other receivables	<u>72,513</u>	<u>153,671</u>
	2,585,943	582,887
Less allowance for doubtful accounts	<u>(5,768)</u>	<u>(6,911)</u>
	<u>\$ 2,580,175</u>	<u>\$ 575,976</u>

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2009

4. Mortgage receivable

The City holds a first mortgage on the property known as the ELNOS building. Commencing in 2007, subject to an agreement dated October 19, 2006, there are no annual payments required so long as the borrower remains the owner of the property. On the sale of the property, the City will be entitled to the principal amount of the mortgage plus interest at the rate of 2% calculated from the date of advance of the funds.

5. Long-term debt	<u>2009</u>	<u>2008</u>
Long-term care debt	\$ 1,368,235	\$ 1,442,536
Airport hanger loan	<u>70,560</u>	<u>90,544</u>
	<u>\$ 1,438,795</u>	<u>\$ 1,533,080</u>

Long-term care debt consists of a bank loan amortized over twenty years, with a ten-year term at 6.25% annual interest, to be renegotiated in 2012. Principal and interest repayments of \$162,341 are due each year in monthly payments of \$13,530.

The airport hanger loan is repayable in quarterly instalments of principal and interest of \$6,243 at an interest rate of 6%. The maturity date of the loan is November 25, 2012.

The Municipality paid \$93,043 (2008: \$99,320) interest on long-term debt during the year.

6. Sick leave

The Municipality, by way of a memorandum of agreement, provides sick leave employee benefits to certain employees, which can only be accessed upon request, termination or retirement. The liability represents the value of the expenditures required to cover the sick leave plan.

The Municipality has established reserve funds to fully mitigate the future impact of this obligation. The balance of the Sick Leave Reserve Fund is \$112,466 (2008: \$106,939).

7. Landfill closure and post-closure

The liability represents management's estimate of closure and post closure costs related to the Municipality's landfill site. The liability represents the present value of the estimated expenditure required for closure and post-closure. The site has an estimated remaining capacity of 171,200 (2008: 192,600) cubic metres and an estimated remaining life of 8 years. Post closure care is estimated to require 25 years.

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 \$1,429,631 (2008: \$1,334,966).

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2009

8. Accrued retirement and post-employment benefits

In addition to the contributions to the Ontario Municipal Employees Retirement Fund (OMERS), as described in Note 14, the Municipality pays certain health, dental and life insurance benefits on behalf of retired employees.

Total benefit payments paid on behalf of retirees during the year were \$93,918 (2008: \$82,820). The plan is unfunded and requires no contributions from employees. The adjusted retirement benefit liability at December 31, 2009 is \$1,080,600 (2008: \$1,010,300).

As at January 1, 2008, an actuarial valuation of the Municipality's obligation for retirement benefits other than pensions was done for accounting purposes using the "projected benefit method prorated on services". The accrued benefit obligation projected for December 31, 2009 is based on this valuation, adjusted for actual contributions made.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical and dental inflation rates, salary increases, employee turnover and mortality. The discount rate used to determine the accrued benefit obligation is 5.50%.

The obligation at January 1, 2008 was based on membership data as at January 1, 2008.

The Fiscal 2009 expense was also determined using a discount rate of 5.50%.

The total expenditures related to retirement benefits other than pensions include the following components:

	<u>2009</u>	<u>2008</u>
Current period benefit cost	\$ 95,200	\$ 82,700
Interest cost	71,000	68,700
Amortization gain	31,300	34,100

The retirement benefit expenditure/expense is included in the Statement of Financial Activities as a component of program expenditures.

9. Taxation	<u>Budget</u> (unaudited)	<u>2009</u>	<u>2008</u>
Real property	\$ 10,321,932	\$ 10,313,240	\$ 10,361,875
From other governments			
Payments in lieu of taxes	331,190	<u>292,794</u>	331,190
	<u>\$ 10,653,122</u>	<u>\$ 10,606,034</u>	<u>\$ 10,693,065</u>
Residential	\$ 7,433,199	\$ 7,406,470	\$ 7,294,245
Multi-residential	1,379,526	1,405,388	1,439,133
Commercial and industrial	1,840,397	1,794,176	1,959,687
Net taxes available for municipal purposes	<u>\$ 10,653,122</u>	<u>\$ 10,606,034</u>	<u>\$ 10,693,065</u>

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2009

10. User charges, licenses and fees	Budget (unaudited)	2009	2008
General government			
User fees and service charges	\$ 46,000	\$ 42,273	\$ 52,181
Licenses and permits	2,310	3,234	2,944
Protection			
User fees, fines and service charges	43,065	73,853	18,598
Licences and permits	244,400	266,045	339,287
Transportation user fees and service charges	608,139	484,143	679,492
Direct water billings	2,950,212	2,911,421	2,827,428
Environmental service charges	-	7,050	6,950
Cemetery fees and plot sales	74,652	73,012	83,391
Recreation program/facility fees, rentals and registrations	640,733	644,771	387,614
Total user charges, licenses and fees	\$ 4,609,511	\$ 4,505,802	\$ 4,397,885

11. Collections for school boards	2009	2008
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Total taxation, user charges and development charges received or receivable on behalf of the school boards were as follows:

English public	\$ 927,956	\$ 877,624
English separate	290,583	293,342
French public	15,434	25,394
French separate	87,613	94,490
	\$ 1,321,586	\$ 1,290,850

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).

12. Grants	Budget (unaudited)	2009	2008
Government of Canada			
Transportation	\$ 776,976	\$ 776,976	\$ 388,488
Environmental	1,900	906,573	1,971
Recreation and culture	2,500	4,275	2,300
Social and family	-	-	33,567
Planning and Development	27,500	-	29,215
Total Government of Canada grants	\$ 808,876	\$ 1,687,824	\$ 455,541
Province of Ontario			
General government	\$ 6,686,160	\$ 6,674,800	\$ 6,589,477
Protection	99,400	109,882	98,671
Transportation	545,267	289,442	1,933,743
Environmental	1,811,008	905,504	-
Recreation and culture	152,064	172,760	114,858
Planning and development	621,120	416,327	54,207
Total Province of Ontario grants	\$ 9,915,019	\$ 8,568,715	\$ 8,790,956

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2009

13. Donations and other revenue	<u>Budget</u> (unaudited)	<u>2009</u>	<u>2008</u>
General government	\$ 47,620	\$ 72,134	\$ 224,766
Protection to persons and property	201,735	252,423	53,495
Transportation	3,430	23,393	52,436
Environmental services	48,163	52,619	89,642
Health services	-	80	(548)
Recreation and culture	124,560	176,150	114,500
Planning and development	87,123	63,490	384,457
Total other revenue	<u>\$ 512,631</u>	<u>\$ 640,289</u>	<u>\$ 918,748</u>

14. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (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.

Commencing January 1, 2007 contribution rates ranged from 6.5% to 9.6% depending on the proposed retirement age and the level of earnings. As a result, \$387,181 (2008: \$369,063) was contributed to OMERS.

15. Trust funds

The Care and Maintenance Trust Fund administered by the Municipality amounting to \$216,059 (2008: \$206,581) has not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Financial Activities.

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.

17. Financial instruments

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

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2009

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.

19. Tangible capital assets 2009 2008

The following classifies the tangible capital assets by object:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 2,810,740	\$ -	\$ 2,810,740	\$ 2,810,739
Land improvements	9,124,197	6,217,499	2,906,698	3,474,367
Buildings	14,572,345	12,936,261	1,636,084	1,868,562
Machinery and equipment	3,047,402	1,624,944	1,422,458	1,139,573
Vehicles	9,144,541	5,528,444	3,616,097	2,974,690
Linear assets	45,441,582	35,664,785	9,776,797	9,548,466
Information technology	32,271	18,840	13,431	9,493
Parks Infrastructure	2,553,954	1,799,879	754,075	712,476
Plants equipment	13,987,806	9,722,333	4,265,473	4,559,308
Capital work in progress	1,340,498	-	1,340,498	-
	<u>\$ 102,055,336</u>	<u>\$ 73,512,985</u>	<u>\$ 28,542,351</u>	<u>\$ 27,097,674</u>

The following classifies the tangible capital assets by department:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
General government	\$ 4,808,933	\$ 2,312,124	\$ 2,496,809	\$ 2,254,970
Protective services	2,505,816	1,411,270	1,094,546	1,256,249
Transportation	51,214,303	37,689,317	13,524,986	12,741,805
Environmental	27,119,929	22,561,997	4,557,932	4,775,051
Health	286,855	56,109	230,746	179,487
Recreation and culture	9,576,401	6,548,983	3,027,418	5,890,112
Planning and development	6,543,099	2,933,185	3,609,914	-
	<u>\$ 102,055,336</u>	<u>\$ 73,512,985</u>	<u>\$ 28,542,351</u>	<u>\$ 27,097,674</u>

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2009

20. Segmented information

The City of Elliot Lake is a diversified municipal government institution that provides a wide range of services to its citizens, including fire, recreation, roads maintenance, public transit and water and sewer service. As well, the City provides funding to agencies for services related to health care, policing, care for the aged and social services. For management reporting purposes the Government's operations and activities are organized and reported by department. The annual budget is distributed based on department activity and size. The City maintains reserve funds, operating funds and capital funds for their respective purposes.

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

General Government

The General Government segment is comprised of three categories: governance, corporate management and program support. These categories encompass the CAO's office, Mayor and Council, Clerks and Elections, Administrative Buildings, Treasury Financial, Budgets and bill collection. Administrative services to other departments include the IT and HR departments.

Protection to Persons and Property

Protection includes services provided by the City's fire department, Building Controls department for by-law enforcement and transfers to the Ontario Provincial Police for policing services. The fire department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention and detection or extinguishment of fires.

The City's Building Controls department ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-law for the protection of occupants. The department is responsible for the application and enforcement of zoning and other by-laws, the processing of building permit applications, and animal control.

Transportation

The Transportation department is responsible for providing local public transportation service. Public works is involved with the planning, development and maintenance of city roads and streets, transit operations, airport operations and street lighting.

Environmental Services

The Water and Waste department consists of three distinct utilities: water, wastewater and solid waste disposal. The department provides drinking water to citizens of Elliot Lake, collecting and treating wastewater. In addition, the City provides collection, disposal and waste minimization programs and facilities, including recycling, for solid waste.

Health and Social Services

Health and Social Services includes external transfers to the Algoma Public Health Unit, expenditures related to Cemetery maintenance, transfer for funding related to welfare, child care, social housing, housing for the aged and social assistance, as well as transfer payments for ambulance services. The health and social services expenditure include costs related to physician recruitment.

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2009

20. Segmented information (continued)

Recreation and Culture

The Parks and Recreation Department provides public services that contribute to the health and well being of the City's residents through the provision of recreation and leisure services such as parks maintenance, arena and pool operation, civic centre operation, recreational programming and trail maintenance. The City contributes towards the information needs of its citizens through the provision of library services. The City also runs a mining museum to preserve the mining history of the area.

Planning and Development

The Planning and Development department provides a diverse bundle of services. It manages urban development for business interests, environmental concerns, community development and waterfront planning. It facilitates economic development by providing services for the approval of all land development plans.

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2009

20. Segmented Information (continued)

	General Government	Protection	Transportation	Environmental	Health	Social Services and Housing	Recreation/ Culture	Planning/ Development	2009 Total	2008 Total
Revenue										
Taxation	\$ (4,052,158)	\$ 4,703,779	\$ 2,960,067	\$ 725,653	\$ 1,332,672	\$ 2,036,081	\$ 2,352,299	\$ 547,641	\$ 10,606,034	\$ 10,693,065
User charges, licenses and fees	45,507	339,898	484,143	2,918,471	73,012	-	644,771	-	4,505,802	4,397,885
Grants – Provincial	6,674,800	109,882	289,442	905,504	-	-	172,760	416,327	8,568,715	8,790,956
Grants – Federal	-	-	776,976	906,573	-	-	4,275	-	1,687,824	455,541
Sale of land and assets	-	-	-	-	-	-	-	397,908	397,908	2,962,353
Other	327,546	252,423	23,393	52,619	80	-	176,150	63,490	895,701	1,480,409
Total Revenue	2,995,695	5,405,982	4,534,021	5,508,820	1,405,764	2,036,081	3,350,255	1,425,366	26,661,984	28,780,209
Expenses										
Salaries, wages and employee benefits	1,914,420	1,655,159	1,391,585	1,288,796	20,344	-	1,948,636	538,150	8,757,090	8,001,798
Rents and financial expenses	8,624	-	-	-	-	-	128,380	3,740	140,744	130,279
Long term debt	-	-	-	-	-	167,344	-	-	167,344	169,131
Operating materials and supplies	881,722	236,696	890,606	1,846,386	363,672	240,212	1,312,158	679,436	6,450,888	7,321,124
Contracted services	394,299	2,773,360	874,380	482,696	90,953	-	276,588	750,735	5,643,011	5,268,537
External transfers to others	-	-	-	-	961,425	1,873,725	-	-	2,835,150	2,868,979
Amortization	43,211	161,703	2,111,360	363,122	7,820	-	845,504	-	3,532,720	3,275,745
Total Expenses	3,242,276	4,826,918	5,267,931	3,981,000	1,444,214	2,281,281	4,511,266	1,972,061	27,526,947	27,035,593
Net Surplus (Deficit)	\$ (246,581)	\$ 579,064	\$ (733,910)	\$ 1,527,820	\$ (38,450)	\$ (245,200)	\$ (1,161,011)	\$ (546,695)	\$ (864,963)	\$ 1,744,616

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2009

21. Comparative amounts

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