



Consolidated Financial Statements

**The Corporation of the City of Elliot Lake**

December 31, 2011

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## Independent 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 accompanying consolidated financial statements of The Corporation of the City of Elliot Lake which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statements of operations and accumulated surplus, change 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Elliot Lake as at December 31, 2011, 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.

Sault Ste. Marie, Ontario

May 14, 2012



Chartered accountants

Licensed public accountants

# The Corporation of the City of Elliot Lake

## Consolidated Statement of Financial Position

As at December 31 2011 2010  
(restated – Note 22)

<b>Financial assets</b>		
Cash (Note 2)	\$ 11,739,932	\$ 11,512,085
Taxes receivable	391,807	305,444
Accounts receivable (Note 3)	823,251	1,459,607
Inventory for resale	50,495	47,445
Residential lots inventory for resale	175,174	232,607
Mortgage receivable (Note 4)	852,549	852,549
Loan receivable	<u>200,000</u>	<u>200,000</u>
<b>Total financial assets</b>	<b><u>14,233,208</u></b>	<b><u>14,609,737</u></b>
<b>Liabilities</b>		
Accounts payable and accrued expenses	1,115,950	922,438
Other liabilities	38,675	380,830
Deferred revenue (Note 5)	671,549	290,507
Long-term debt (Note 6)	1,206,147	1,332,840
Accrued sick leave (Note 7)	86,189	104,673
Accrued vacation pay	519,556	473,004
Accrued landfill closure and post-closure (Note 8)	2,541,280	2,470,360
Accrued retirement and post employment benefits (Note 9)	<u>1,243,400</u>	<u>1,159,700</u>
<b>Total liabilities</b>	<b><u>7,422,746</u></b>	<b><u>7,134,352</u></b>
<b>Net financial assets</b>	<b><u>6,810,462</u></b>	<b><u>7,475,385</u></b>
<b>Non-financial assets</b>		
Prepaid expenses	130,311	112,682
Supplies inventory	338,109	324,143
Tangible capital assets (net) (Note 20)	<u>25,886,795</u>	<u>27,754,608</u>
<b>Total non-financial assets</b>	<b><u>26,355,215</u></b>	<b><u>28,191,433</u></b>
<b>Accumulated surplus</b>	<b><u>\$ 33,165,677</u></b>	<b><u>\$ 35,666,818</u></b>

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	2011	2010
	(unaudited)		(restated – Note 22)
<b>Revenues</b>			
Residential and farm taxation (Note 10)	\$ 9,004,579	\$ 9,055,422	\$ 8,343,056
<b>User charges, licenses and fees (Note 12)</b>	4,635,964	<b>4,984,837</b>	4,842,122
<b>Grants</b>			
Government of Canada (Note 13)	1,292,761	<b>372,589</b>	714,444
Province of Ontario (Note 13)	6,734,071	<b>6,330,693</b>	6,738,447
<b>Other</b>			
Investment income	206,400	<b>214,157</b>	216,550
Penalties and interest on taxes	60,000	<b>55,726</b>	58,984
Sale of land and assets	717,837	<b>760,697</b>	635,143
Donations and other (Note 14)	<u>585,888</u>	<u><b>751,979</b></u>	<u>713,387</u>
<b>Total revenues</b>	<u>23,237,500</u>	<u><b>22,526,100</b></u>	<u>22,262,133</u>
<b>Expenses</b>			
General government	3,259,486	<b>3,443,293</b>	3,520,326
Protection to persons and property	5,255,407	<b>5,148,802</b>	5,117,169
Transportation services	5,547,122	<b>4,971,234</b>	5,174,209
Environmental services	4,422,285	<b>4,060,894</b>	3,674,122
Health services	1,356,350	<b>1,255,889</b>	1,481,917
Social and family services	979,454	<b>979,127</b>	1,259,652
Social housing	532,090	<b>532,090</b>	515,785
Recreational and cultural services	3,852,634	<b>3,875,039</b>	4,467,406
Planning and development	<u>925,187</u>	<u><b>760,873</b></u>	<u>1,329,717</u>
<b>Total expenses</b>	<u>26,130,015</u>	<u><b>25,027,241</b></u>	<u>26,540,303</u>
<b>Annual deficit</b>	<u>(2,892,515)</u>	<u><b>(2,501,141)</b></u>	<u>(4,278,170)</u>
Opening accumulated surplus, as reported	5,833,883	<b>35,666,818</b>	39,433,522
Prior period adjustment (Note 22)	<u>-</u>	<u>-</u>	<u>511,466</u>
Opening accumulated surplus, as restated	<u>2,941,368</u>	<u><b>35,666,818</b></u>	<u>39,944,988</u>
Ending accumulated surplus		<u><b>\$ 33,165,677</b></u>	<u>\$ 35,666,818</u>

See accompanying notes to the consolidated financial statements.

# The Corporation of the City of Elliot Lake

## Consolidated Statement of Accumulated Surplus

For the Year Ended December 31

2011

2010

(restated – Note 22)

### Accumulated surplus

#### Consists of:

Reserves set aside for specific purposes by Council

Working capital	\$ 438,967	\$ 378,967
Elections	<u>53,166</u>	<u>42,745</u>

#### Total reserves

	<u>492,133</u>	<u>421,712</u>
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Reserve funds set aside for specific purposes by Council

Capital expenses	3,626,508	3,361,069
Cemetery capital development	82,934	68,211
Landfill closure and post closure	1,532,893	1,440,265
Sick leave	86,189	104,673
Economic development	172,514	170,902
Miner's Heritage	36,727	38,314
Civic centre theater improvements	20,219	19,613
Legislative requirements	391,113	392,949
MNR firefighting	<u>45,550</u>	<u>44,185</u>

#### Total reserve funds

	<u>5,994,647</u>	<u>5,640,181</u>
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Total reserves and reserve funds

	<u>6,486,780</u>	<u>6,061,893</u>
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#### Surpluses

Invested in tangible capital assets	25,886,795	27,754,608
General fund	4,250,036	5,372,952
Unfunded:		
Landfill closure and post closure liabilities	(1,008,387)	(1,030,095)
Long term care debt	(1,179,308)	(1,283,490)
Airport long term loan	(26,839)	(49,350)
Retirement and post employment benefit obligation	<u>(1,243,400)</u>	<u>(1,159,700)</u>

#### Total surpluses

	<u>26,678,897</u>	<u>29,604,925</u>
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Accumulated surplus

	<u>\$ 33,165,677</u>	<u>\$ 35,666,818</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	Budget (unaudited)	2011	2010 (restated – Note 22)
Annual deficit	\$ 2,941,368	\$ (2,501,141)	\$ (4,278,170)
Acquisition of tangible capital assets	(3,550,661)	(1,769,984)	(2,218,342)
Amortization of tangible capital assets	-	<u>3,637,797</u>	<u>3,705,825</u>
	(609,293)	(633,328)	(2,790,687)
Acquisition of inventory, net	-	(13,966)	(15,328)
Use of (acquisition of) prepaid expenses, net	-	<u>(17,629)</u>	<u>3,227</u>
Increase in net financial assets		(664,923)	(2,802,788)
Net financial assets at the beginning of year		<u>7,475,385</u>	<u>10,278,173</u>
Net financial assets at the end of year		<u>\$ 6,810,462</u>	<u>\$ 7,475,385</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

2011

2010

(restated – Note 22)

<b>Cash flows from operating transactions</b>		
<b>Annual deficit</b>	<b>\$ (2,501,141)</b>	<b>\$ (4,278,170)</b>
<b>Non-cash charges to operations</b>		
Amortization	3,637,797	3,705,825
Increase (decrease) in accrued landfill closure and post-closure	70,920	(25,040)
(Increase) decrease in taxes receivable	(86,363)	50,370
Decrease in accounts receivable	636,356	1,120,568
Increase in inventory for resale	(3,050)	(26,837)
Increase in own use inventory	(13,966)	(15,328)
Decrease (increase) in prepaids	(17,629)	3,227
(Increase) decrease in lot inventory	57,433	(133,682)
Increase (decrease) in accounts payable and accrued liabilities	193,512	(354,340)
Decrease in other liabilities	(342,155)	(57,330)
Increase in deferred revenue	381,042	8,926
Decrease in accrued sick leave	(18,484)	(7,793)
Increase in accrued vacation pay	46,552	11,172
Increase in accrued post-employment benefits	83,700	79,100
<b>Cash provided by operating transactions</b>	<b>2,124,524</b>	<b>80,668</b>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(1,769,984)	(2,218,342)
<b>Cash used in capital transactions</b>	<b>(1,769,984)</b>	<b>(2,218,342)</b>
<b>Financing transactions</b>		
Repayment of long term debt	(126,693)	(105,955)
<b>Cash used in financing transactions</b>	<b>(126,693)</b>	<b>(105,955)</b>
<b>Net change in cash</b>	<b>227,847</b>	<b>(2,243,629)</b>
<b>Cash, beginning of year</b>	<b>11,512,085</b>	<b>13,755,714</b>
<b>Cash, end of year</b>	<b>\$ 11,739,932</b>	<b>\$ 11,512,085</b>

See accompanying notes to the consolidated financial statements.

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# The Corporation of the City of Elliot Lake

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### 1. Significant accounting policies

The consolidated financial statements of The Corporation of the City of Elliot Lake (the City) 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 City are as follows:

#### (a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses 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 City and which are owned or controlled by the City. 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 16).

#### (b) Basis of accounting

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

#### (c) Cash

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

#### (d) Temporary investments and annuity

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

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# The Corporation of the City of Elliot Lake

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### 1. Significant accounting policies (continued)

#### (e) 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 is 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	10 to 40 years
Machinery and equipment	3 to 40 years
Vehicles	6 to 40 years
Library collection	10 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.

#### (f) Deferred revenue

Receipts that are restricted by legislation of senior governments or by agreement with external parties are deferred. When qualifying expenses are incurred deferred revenues are brought into revenue at equal amounts. Revenues received in advance of expenses that will be incurred in a later period are deferred until they are earned by being matched against those expenses. The City receives Gas Tax proceeds from the Federal Government through the Association of Municipalities of Ontario. These funds, by their nature, are restricted in their use and, until applied to specific expenses are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

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# The Corporation of the City of Elliot Lake

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### 1. Significant accounting policies (continued)

#### (g) Accrued landfill closure and post-closure

The City 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.

#### (h) Accrued retirement and post-employment benefits

The City 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.

#### (i) Reserves for future expenses

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

#### (j) Taxation

Property tax billings are prepared by the City 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 City 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 City 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.

#### (k) 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, 2011

### 1. Significant accounting policies (continued)

#### (l) School board transactions

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

#### (m) 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 expenses 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	\$ 2,223	\$ 6,117
Cash held in banks	<u>1,570,638</u>	<u>1,110,950</u>
	<u>1,572,861</u>	<u>1,117,067</u>

Restricted cash and temporary investments are comprised of:

Cash held in banks	5,069,222	5,457,632
Temporary investments (market value 2011: \$5,231,334; 2010: \$5,362,437)	<u>5,097,849</u>	<u>4,937,386</u>
	<u>10,167,071</u>	<u>10,395,018</u>
<b>Total cash</b>	<b><u>\$ 11,739,932</u></b>	<b><u>\$ 11,512,085</u></b>

### 3. Accounts receivable

Due from trust fund	\$ 7,919	\$ 7,547
Canada specific grants	169,345	442,052
Ontario specific grants	297,679	561,136
GST / HST receivable	93,262	199,565
Accounts receivable general	158,208	145,728
Accounts receivable water	18,356	23,838
Other receivables	<u>155,881</u>	<u>81,232</u>
	900,650	1,461,098
Less allowance for doubtful accounts	<u>(77,399)</u>	<u>(1,491)</u>
	<b><u>\$ 823,251</u></b>	<b><u>\$ 1,459,607</u></b>

# The Corporation of the City of Elliot Lake

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

### 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. Deferred revenue

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at December, 31 is as follows

	<u>2011</u>	<u>2010</u>
Obligatory reserve fund – Federal Gas Tax revenue	\$ 604,684	\$ 188,273
Other deferred revenue	<u>66,865</u>	<u>102,234</u>
	<u>\$ 671,549</u>	<u>\$ 290,507</u>

### 6. Long-term debt

	<u>2011</u>	<u>2010</u>
Long-term care debt	\$ 1,179,308	\$ 1,283,490
Airport hanger loan	<u>26,839</u>	<u>49,350</u>
	<u>\$ 1,206,147</u>	<u>\$ 1,332,840</u>

The long-term care debt consists of a bank loan amortized over ten years with a five year term fixed at 4.68%. Blended principal and interest payments of \$13,503 are due monthly, totalling \$162,029 per year.

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 City paid \$60,308 (2010: \$81,856) interest on long-term debt during the year.

Principal repayments due on these two loans over the next 5 years are as follows:

2012	\$ 133,050
2013	117,330
2014	119,853
2015	125,584
2016	131,506
Thereafter	638,569

### 7. Sick leave

The City, 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 required to cover the sick leave plan.

The City has established reserve funds to fully mitigate the future impact of this obligation. The balance of the Sick Leave Reserve Fund is \$86,189 (2010: \$104,673).

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# The Corporation of the City of Elliot Lake

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### 8. Landfill closure and post-closure

The liability represents management's estimate of closure and post closure costs related to the City'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 128,600 (2010: 149,900) cubic metres and an estimated remaining life of 5.1 years. Post closure care is estimated to require 25 years.

The City has established reserve funds to mitigate the future impact of this obligation. The balance of the Landfill Closure and Post-Closure Reserve Fund is \$1,532,893 (2010: \$1,440,265).

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### 9. Accrued retirement and post-employment benefits

In addition to the contributions to the Ontario Municipal Employees Retirement Fund (OMERS), as described in Note 15, the City 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 \$71,800 (2010: \$93,918). The plan is unfunded and requires no contributions from employees. The adjusted retirement benefit liability at December 31, 2011 is \$1,243,400 (2010: \$1,159,700).

As at January 1, 2011, an actuarial valuation of the City'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, 2011 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 obligation at January 1, 2011 was based on membership data as at January 1, 2011.

The significant actuarial assumptions adopted in the City's accrued benefit obligation as of January 1, 2011 are as follows:

- Discount rate of 3.7%
- Expected return on plan assets 6%
- Extended health care trend 8% decreasing by 0.50% per year to a minimum of 5%.

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

	<u>2011</u>	<u>2010</u>
Current period benefit cost	\$ 92,200	\$ 95,200
Interest cost	47,700	73,600
Amortization gain	15,600	29,900

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

# The Corporation of the City of Elliot Lake

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

10. Taxation	Budget (unaudited)	<u>2011</u>	<u>2010</u>
Real property	\$ 8,779,242	\$ 8,827,188	\$ 8,109,521
From other governments			
Payments in lieu of taxes	<u>225,337</u>	<u>228,234</u>	<u>233,535</u>
	<u>\$ 9,004,579</u>	<u>\$ 9,055,422</u>	<u>\$ 8,343,056</u>
Residential	\$ 6,263,889	\$ 6,325,169	\$ 5,778,475
Multi-residential	1,098,796	1,098,796	1,043,206
Commercial and industrial	<u>1,641,894</u>	<u>1,631,457</u>	<u>1,521,375</u>
<b>Net taxes available for municipal purposes</b>	<u>\$ 9,004,579</u>	<u>\$ 9,055,422</u>	<u>\$ 8,343,056</u>

11. Collections for school boards	<u>2011</u>	<u>2010</u>
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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	\$ 967,536	\$ 897,364
English separate	285,709	268,219
French public	16,354	15,389
French separate	<u>92,032</u>	<u>84,920</u>
	<u>\$ 1,361,631</u>	<u>\$ 1,265,888</u>

The City 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. User charges, licenses and fees	Budget (unaudited)	<u>2011</u>	<u>2010</u>
General government			
User fees and service charges	\$ 34,467	\$ 96,659	\$ 37,894
Licenses and permits	2,695	2,302	2,772
Protection			
User fees, fines and service charges	53,965	112,120	63,302
Licences and permits	249,800	254,413	260,801
Transportation user fees and service charges	499,345	649,592	708,073
Direct water billings	3,041,402	3,092,910	3,011,546
Environmental service charges	7,000	6,000	8,250
Cemetery fees and plot sales	100,312	57,391	99,206
Recreation program/facility fees, rentals and registrations	<u>646,978</u>	<u>713,450</u>	<u>650,278</u>
<b>Total user charges, licenses and fees</b>	<u>\$ 4,635,964</u>	<u>\$ 4,984,837</u>	<u>\$ 4,842,122</u>

# The Corporation of the City of Elliot Lake

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

13. Grants	Budget (unaudited)	2011	2010
Government of Canada			
Transportation	\$ 728,261	\$ 302,536	\$ 711,024
Environmental	-	-	-
Recreation and culture	2,500	3,600	3,420
Planning and Development	562,000	66,453	-
Total Government of Canada grants	<u>\$ 1,292,761</u>	<u>\$ 372,589</u>	<u>\$ 714,444</u>
Province of Ontario			
General government	\$ 5,897,200	\$ 5,897,200	\$ 6,375,700
Protection	123,400	119,415	110,519
Transportation	146,091	144,852	146,091
Environmental	-	1,120	1,120
Recreation and culture	117,380	101,653	105,017
Planning and development	450,000	66,453	-
Total Province of Ontario grants	<u>\$ 6,734,071</u>	<u>\$ 6,330,693</u>	<u>\$ 6,738,447</u>

14. Donations and other revenue	Budget (unaudited)	2011	2010
General government	\$ 93,000	\$ 234,246	\$ 274,698
Protection to persons and property	174,817	159,601	31,295
Transportation	4,400	22,049	65,035
Environmental services	82,160	97,784	101,566
Health services	2,250	-	1,600
Recreation and culture	188,231	195,350	203,538
Planning and development	41,030	42,949	35,655
<b>Total other revenue</b>	<u>\$ 585,888</u>	<u>\$ 751,979</u>	<u>\$ 713,387</u>

### 15. Pension agreements

The City 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, 2011 contribution rates ranged from 7.4% to 10.7% depending on the proposed retirement age and the level of earnings. As a result, \$452,789 (2010: \$405,931) was contributed to OMERS.

### 16. Trust funds

The Care and Maintenance Trust Fund administered by the City amounting to \$236,480 (2010: \$229,037) 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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# The Corporation of the City of Elliot Lake

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### 17. Measurement uncertainty

Property tax billings are prepared by the City 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 City were reviewed and new values established based on a common valuation date that was used by the City in computing the property tax bills. However, the property tax revenue and tax receivables of the City 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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### 18. Financial instruments

Financial instruments of the City 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.

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### 19. Credit risk

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

# The Corporation of the City of Elliot Lake

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

### 20. Tangible capital assets

	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Library collection	Linear assets	Information technology	Parks infrastructure	Plants equipment	Capital work in progress	2011 Total	2010 Total (restated)
<b>Cost</b>													
Balance, beginning of the year	2,810,740	10,019,523	14,737,449	3,075,117	8,889,840	532,161	46,476,723	71,634	2,644,875	13,987,806	1,636,880	104,882,748	102,989,346
Additions during the year	-	-	135,789	-	130,571	48,141	49,971	-	16,282	-	1,389,230	1,769,984	2,218,342
Disposals during the year	-	-	-	-	(106,618)	-	-	(12,599)	-	-	-	(119,217)	(324,940)
Transfers	-	-	-	-	-	-	468,941	-	-	-	(468,941)	-	-
<b>Balance, end of year</b>	<b>2,810,740</b>	<b>10,019,523</b>	<b>14,873,238</b>	<b>3,075,117</b>	<b>8,913,793</b>	<b>580,302</b>	<b>46,995,635</b>	<b>59,035</b>	<b>2,661,157</b>	<b>13,987,806</b>	<b>2,557,169</b>	<b>106,533,515</b>	<b>104,882,748</b>
<b>Accumulated Amortization</b>													
Balance, beginning of the year	-	6,801,953	13,164,682	1,753,313	5,750,710	283,747	37,372,001	29,372	1,900,795	10,071,567	-	77,128,140	73,747,255
Amortization during the year	-	601,928	261,052	130,176	519,049	50,035	1,612,311	12,939	101,073	349,234	-	3,637,797	3,705,825
Disposals during the year	-	-	-	-	(106,618)	-	-	(12,599)	-	-	-	(119,217)	(324,940)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance, end of year</b>	<b>-</b>	<b>7,403,881</b>	<b>13,425,734</b>	<b>1,883,489</b>	<b>6,163,141</b>	<b>333,782</b>	<b>38,984,312</b>	<b>29,712</b>	<b>2,001,868</b>	<b>10,420,801</b>	<b>-</b>	<b>80,646,720</b>	<b>77,128,140</b>
<b>Net book value</b>	<b>2,810,740</b>	<b>2,615,642</b>	<b>1,447,504</b>	<b>1,191,628</b>	<b>2,750,652</b>	<b>246,520</b>	<b>8,011,323</b>	<b>29,323</b>	<b>659,289</b>	<b>3,567,005</b>	<b>2,557,169</b>	<b>25,886,795</b>	<b>27,754,608</b>

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# The Corporation of the City of Elliot Lake

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### 21. 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, expenses 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.

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# The Corporation of the City of Elliot Lake

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### 21. 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, 2011

### 21. Segmented Information (continued)

	General Government	Protection	Transportation	Environmental	Health	Social Services and Housing	Recreation/ Culture	Planning/ Development	2011 Total	2010 Total (restated)
<b>Revenue</b>										
Taxation	\$ 9,055,422	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,055,422	\$ 8,343,056
User charges, licenses and fees	98,961	366,533	649,592	3,098,910	57,391	-	713,450	-	4,984,837	4,842,122
Grants – Provincial	5,897,200	119,415	144,852	1,120	-	-	101,653	66,453	6,330,693	6,738,447
Grants – Federal	-	-	302,536	-	-	-	3,600	66,453	372,589	714,444
Sale of land and assets	-	-	-	-	-	-	-	760,697	760,697	635,143
Other	504,129	159,601	22,049	97,784	-	-	195,350	42,949	1,021,862	988,921
<b>Total Revenue</b>	<b>15,555,712</b>	<b>645,549</b>	<b>1,119,029</b>	<b>3,197,814</b>	<b>57,391</b>	<b>-</b>	<b>1,014,053</b>	<b>870,099</b>	<b>22,526,100</b>	<b>22,262,133</b>
<b>Expenses</b>										
Salaries, wages and employee benefits	2,058,283	1,715,993	1,301,974	1,248,510	15,470	-	1,466,809	21,927	7,828,966	8,276,047
Rents and financial expenses	(1,151)	-	-	-	-	-	166,724	-	165,573	161,361
Interest on long term debt	-	-	2,461	-	-	57,847	-	-	60,308	78,094
Operating materials and supplies	1,047,080	197,686	777,497	1,819,901	184,788	104,182	1,017,530	473,402	5,622,066	6,271,653
Contracted services	280,495	3,074,477	810,330	614,645	42,293	-	271,220	265,544	5,359,004	5,452,563
External transfers to others	-	-	-	-	1,004,339	1,349,188	-	-	2,353,527	2,594,760
Amortization	58,586	160,646	2,078,972	377,838	8,999	-	952,756	-	3,637,797	3,705,825
<b>Total Expenses</b>	<b>3,443,293</b>	<b>5,148,802</b>	<b>4,971,234</b>	<b>4,060,894</b>	<b>1,255,889</b>	<b>1,511,217</b>	<b>3,875,039</b>	<b>760,873</b>	<b>25,027,241</b>	<b>26,540,303</b>
<b>Net Surplus (Deficit)</b>	<b>\$ 12,112,419</b>	<b>\$ (4,503,253)</b>	<b>\$ (3,852,205)</b>	<b>\$ (863,080)</b>	<b>\$ (1,198,498)</b>	<b>\$ (1,511,217)</b>	<b>\$ (2,860,986)</b>	<b>\$ 109,226</b>	<b>\$ (2,501,141)</b>	<b>\$ (4,278,170)</b>

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# The Corporation of the City of Elliot Lake

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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### 22. Prior period adjustment

#### Tangible capital assets

The financial statements have been adjusted to include the Library Board's library collection as a tangible capital asset on the statement of financial position. This change has been applied retroactively and prior periods have been restated.

The financial statements have been adjusted as a result of an error in accounting for capital work in progress amounts reported in the prior period as follows:

#### Accumulated surplus at December 31, 2010

Opening accumulated surplus, as previously reported	\$ 39,433,522
Net book value of library collection at January 1, 2010	254,073
Work in progress adjustment	445,666
Reclassification of Federal Gas Taxes to deferred revenue	<u>(188,273)</u>
<b>Accumulated surplus, as restated</b>	<b><u>\$ 39,944,988</u></b>

#### Annual surplus for the year ended December 31, 2010

Annual deficit, as previously reported	\$ (4,280,122)
Add: Library collection capitalized, previously expensed	43,818
Capital work in progress, previously expensed	7,613
Less: Amortization expense, not previously recorded	<u>(49,479)</u>
<b>Annual deficit, as restated</b>	<b><u>\$ (4,278,170)</u></b>

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### 23. Comparative amounts

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