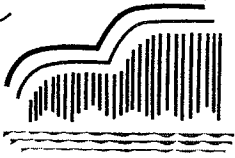




Consolidated Financial Statements

The Corporation of the Township of Nipigon

December 31, 2010



The Corporation of the
TOWNSHIP OF NIPIGON

Statement of Administrative Responsibility

The management of The Corporation of the Township of Nipigon have prepared the accompanying financial statements and are responsible for their accuracy and integrity. These statements consolidate all operations for which the Township has legislative and financial responsibility. The financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board [PSAB] of the CICA.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that Municipal assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Municipal Council reviews and approves the financial statements before such statements are submitted to the Ministry of Municipal Affairs and Housing and published for the residents of The Corporation of the Township of Nipigon. The external auditors have access to, and meet with Municipal Council to discuss their audit and the results of their examination.

The 2010 Financial Statements have been reported on by The Corporation of the Township of Nipigon's external auditors, Grant Thornton LLP, the auditors appointed by Municipal Council. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

Lindsay Mannila,
Chief Administrative Officer

Richard Haney, Mayor

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Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers of

The Corporation of the Township of Nipigon

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Nipigon, which comprise the consolidated statement of financial position as at December 31, 2010 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.

Auditor's 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 auditor's 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 Township'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 Township'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 consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Nipigon as at December 31, 2010, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Thunder Bay, Canada
September 13, 2011

Chartered Accountants
Licensed Public Accountants

The Corporation of the Township of Nipigon Consolidated Statement of Financial Position

As at December 31	2010	2009
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	1,624,817	1,142,670
Taxes receivable	405,077	464,285
User charges receivable	15,597	16,471
Accounts receivable	2,889,492	840,869
Total financial assets	4,934,983	2,464,295
LIABILITIES		
Accounts payable and accrued liabilities	1,401,968	504,486
Deferred revenue <i>[note 3]</i>	1,397,286	179,551
Vested sick leave liability <i>[note 4]</i>	125,101	129,493
Other current liabilities	69,859	59,571
Net long-term debt <i>[note 7]</i>	127,621	148,232
Obligation under capital lease <i>[note 8]</i>	45,691	65,808
Landfill closure and post-closure liability <i>[note 9]</i>	38,431	36,462
Total liabilities	3,205,957	1,123,603
NET FINANCIAL ASSETS	1,729,026	1,340,692
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[note 10] [schedule 2]</i>	20,508,874	16,387,628
Prepaid expenses	14,819	—
Accumulated surplus <i>[schedule 1]</i>	22,252,719	17,728,320

See accompanying notes to the consolidated financial statements.

The Corporation of the Township of Nipigon Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31

	2010	2010	2009
	Budget	Actual	Actual
	\$	\$	\$
REVENUES			
Taxation			
Residential and farm taxation	1,565,008	1,583,225	1,583,247
Commercial and industrial	773,126	759,281	822,573
Taxation from other governments	87,159	84,885	98,482
	2,425,293	2,427,391	2,504,302
Deduct			
Amounts received or receivable on behalf of school boards	(296,866)	(297,487)	(364,247)
	2,128,427	2,129,904	2,140,055
User charges			
Water and sewer billings	285,000	298,385	276,915
Other fees and service charges	125,779	182,080	113,449
	2,539,206	2,610,369	2,530,419
Grants			
Government of Canada	4,020,700	2,465,273	1,442,295
Province of Ontario	5,721,014	3,629,628	4,052,682
	9,741,714	6,094,901	5,494,977
Other			
Investment income	10,550	17,609	9,615
Penalties and late payment charges	40,000	69,429	62,908
Other	30,134	89,463	84,814
Licences, permits and rents	60,000	85,225	66,905
	140,684	261,726	224,242
Total revenues	12,421,604	8,966,996	8,249,638

	2010	2010	2009
	Budget	Actual	Actual
	\$	\$	\$
EXPENSES [note 11] [schedule 3]			
General government	589,241	543,071	582,505
Protection to persons and property	639,173	772,416	738,251
Transportation services	658,379	713,291	741,590
Environmental services	672,880	769,057	890,384
Health services	139,104	119,571	118,821
Social and family services	220,000	204,998	232,893
Recreation and cultural services	691,638	1,013,546	1,190,046
Planning and development	244,643	274,883	295,699
	3,855,058	4,410,833	4,790,189
NET REVENUES	8,566,546	4,556,163	3,459,449
Other			
Loss on disposal of tangible capital assets	—	31,764	6,816
Annual surplus	8,566,546	4,524,399	3,452,633
Accumulated surplus, beginning of year	250,000	17,728,320	14,275,687
Accumulated surplus, end of year	8,816,546	22,252,719	17,728,320

See accompanying notes to the consolidated financial statements.

The Corporation of the Township of Nipigon Consolidated Statement of Change in Net Financial Assets

Year ended December 31	2010	2010	2009
	Budget	Actual	Actual
	\$	\$	\$
Annual surplus	8,816,546	4,524,399	3,452,633
Acquisition of tangible capital assets	(8,835,320)	(4,795,876)	(4,471,701)
Amortization of tangible capital assets	—	642,866	558,251
Proceeds from sale of tangible capital assets	—	—	4,761
Loss on disposal of tangible capital assets	—	31,764	6,816
Acquisition of prepaid expenses	—	(14,819)	—
Increase (decrease) in net financial assets	(18,774)	388,334	(449,240)
Net financial assets, beginning of year	—	1,340,692	1,789,932
Net financial assets, end of year	(18,774)	1,729,026	1,340,692

See accompanying notes to the consolidated financial statements.

The Corporation of the Township of Nipigon

Consolidated Statement of Cash Flows

Year ended December 31	2010	2009
	\$	\$
OPERATING ACTIVITIES		
Annual surplus	4,524,399	3,452,633
Non-cash charges		
Amortization of tangible capital assets	642,866	558,251
Landfill closure and post-closure costs	1,969	1,897
Loss on disposal of tangible capital assets	31,764	6,816
	5,200,998	4,019,597
Net change in non-cash working capital balances		
(Increase) decrease in taxes receivable	59,208	(72,772)
(Increase) decrease in user charges receivable	874	(3,408)
(Increase) decrease in accounts receivable	(2,048,623)	445,890
Increase (decrease) in accounts payable and accrued liabilities	897,482	(609,029)
Increase (decrease) in deferred revenue	1,217,735	(774,317)
Increase (decrease) in vested sick leave liability	(4,392)	6,526
Increase in other current liabilities	10,288	45,803
Increase in prepaid expenses	(14,819)	—
Cash provided by operating transactions	5,318,751	3,058,290
CAPITAL		
Acquisition of tangible capital assets	(4,795,876)	(4,471,701)
Proceeds on disposal of tangible capital assets	—	4,761
Cash used in capital transactions	(4,795,876)	(4,466,940)
FINANCING		
Repayment of lease obligation	(20,117)	(17,075)
Proceeds from issue of long-term debt	—	60,000
Repayment of long-term debt	(20,611)	(16,169)
Cash provided by (used in) financing transactions	(40,728)	26,756
Increase (decrease) in cash and cash equivalents	482,147	(1,381,894)
Opening cash and cash equivalents	1,142,670	2,524,564
Closing cash and cash equivalents	1,624,817	1,142,670

See accompanying notes to the consolidated financial statements.

The Corporation of the Township of Nipigon

Notes to the Consolidated Financial Statements

December 31, 2010

GENERAL

The Corporation of the Township of Nipigon is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of The Corporation of the Township of Nipigon are prepared by management in accordance with accounting policies generally accepted for the local government as prescribed by the Public Sector Accounting Board ("PSAB") of the CICA. The more significant of these accounting policies are as follows:

[a] Basis of consolidation

Reporting entity

These consolidated financial statements reflect the financial assets, liabilities, revenues and expenses, and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, local boards and committees accountable for the administration of their financial affairs and resources, to the Township, and which are owned or controlled by the Township. Accordingly, the following are consolidated in these financial statements.

Cliffside Cemetery Committee
The Township of Nipigon Public Library Board

All interfund balances and transactions have been eliminated.

Joint local boards

The financial activities of certain entities associated with the Township are not consolidated. The Township's contribution to these entities are recorded in the Statement of Operations and Accumulated Surplus. The entities that are accounted for in this manner are:

Thunder Bay District Health Unit
The District of Thunder Bay Social Services Administration Board
Thunder Bay Area Emergency Measures Organization
District of Thunder Bay Home for the Aged

Trust funds

Trust funds administered by the Township have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. They are reported separately on the Trust Fund Statement of Financial Position and Statement of Continuity.

The Corporation of the Township of Nipigon

Notes to the Consolidated Financial Statements

December 31, 2010

Accounting for school board transactions

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

[b] Basis of accounting

Accrual accounting

The Township uses the accrual basis of accounting and recognizes revenues as they are levied or earned and become measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances in banks.

Employee benefits

Vacation pay, sick leave liability and other post-employment benefits are charged to operations in the year earned.

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 annual surplus, provides the Change in Net Financial Assets for the year.

[a] 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. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	30 to 50 years
Computers	5 years
Furniture and equipment	7 to 25 years
Land improvements	25 to 50 years
Library collection	10 years
Licensed vehicles	10 to 15 years
Unlicensed vehicles	10 to 20 years
Linear assets - roads	15 to 45 years
- bridges and structures	50 to 100 years
Machinery and equipment	10 to 20 years

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Corporation of the Township of Nipigon

Notes to the Consolidated Financial Statements

December 31, 2010

[b] Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

[c] Tangible capital assets recognized at nominal value

Assets for which there is difficulty determining a reasonable valuation are assigned a nominal value of one dollar.

[d] Capitalization of interest

The Township has a policy of capitalizing borrowing costs incurred when financing the acquisition of a tangible capital asset, for those interest costs incurred up to the date the asset goes into use, per PS 3150.17.

[e] Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of 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.

Deferred revenue

Deferred revenue represents government transfers which have been collected but not earned. These accounts will be recognized as revenues in the fiscal year the services are performed. The Township receives development charges under the authority of provincial legislation and Township by-laws (obligatory reserve funds) as well as 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 [see note 3].

Reserves and reserve funds

Certain amounts, as approved by the Council, are set aside in reserves and reserve funds for future operating and capital purposes.

The Corporation of the Township of Nipigon

Notes to the Consolidated Financial Statements

December 31, 2010

Investment income

Investment income earned on surplus funds are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balance.

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the results of an exchange transaction, are not expected to be repaid in the future or are the result of a direct financial return.

Government transfers are recognized in the consolidated financial statements as revenue in the fiscal period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined.

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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. TRUST FUNDS

Trust funds administered by the Township amounting to \$94,218 [2009 - \$91,683] have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

3. DEFERRED REVENUE

	2010	2009
	\$	\$
Obligatory reserve funds		
Unearned Gas Tax proceeds	144,515	155,717
Other deferred revenue		
Ministry of Health promotion	—	1,033
Ministry of Environment	1,224,970	—
MNR South Bay	7,907	7,907
Ministry of Training, Colleges and Universities - Community Adjustment Committee	14,151	14,151
Miscellaneous	5,743	743
	1,397,286	179,551

The Corporation of the Township of Nipigon

Notes to the Consolidated Financial Statements

December 31, 2010

4. LIABILITY FOR EMPLOYEE VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment when they retire or leave the Township's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken by an employee on retirement or his/her estate upon death amounted to approximately \$125,101 [2009 - \$129,493]. An amount of \$40,000 [2009 - \$40,000] has been provided for this past service liability as a reserve.

5. CASH AND BANK INDEBTEDNESS

The Township has available a line of credit of \$400,000 [2009 - \$400,000] for which the Township has provided a borrowing by-law of which \$nil [2009 - \$nil] was borrowed at year-end. Interest on the line of credit is calculated at bank prime.

6. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2010 was \$61,261 [2009 - \$60,922] for current service.

The Corporation of the Township of Nipigon

Notes to the Consolidated Financial Statements

December 31, 2010

7. NET LONG-TERM DEBT

[a] The balance of net debt reported on the consolidated statement of financial position is made up of the following:

	2010 \$	2009 \$
Royal Bank of Canada		
Non-revolving term payable in monthly instalments of \$1,138 including interest of 5.47%, maturing November, 2011.	87,621	96,232
Non-revolving term payable in monthly instalments of \$1,000 plus interest at a rate of bank prime plus 0.55% [3.55% at year-end], maturing April, 2011, renewing annually.	40,000	52,000
	127,621	148,232

[b] Principal payments due in each of the next five years, assuming renewal at the current terms, are as follows:

	\$
2011	21,054
2012	21,562
2013	22,098
2014	14,665
2015	11,263
Thereafter	36,979
	127,621

[c] The debt in [a] issued in the name of the Township have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ontario Ministry of Municipal Affairs and Housing.

[d] Total interest charges reported on the Statement of Operations and Accumulated Surplus are \$6,495 [2009 - \$6,555].

The Corporation of the Township of Nipigon

Notes to the Consolidated Financial Statements

December 31, 2010

8. OBLIGATION UNDER CAPITAL LEASE

The Township has entered into a lease agreement with Volvo Financial Services Limited for equipment, which is secured by certain equipment. The future minimum annual lease payments of the capital lease expiring 2013, together with the balance of the obligation, are as follows:

	\$
2011	19,205
2012	19,205
2013	10,128
Total lease payments	48,538
Less imputed interest at 5.25%	2,847
	<u>45,691</u>

9. LANDFILL CLOSURE AND POST-CLOSURE

The main components of the landfill closure plan includes final capping using selected specific layers of impermeable materials based on an engineered cap design and implementation of a drainage management plan and gas management plan. The post-closure care requirements will involve cap maintenance, groundwater monitoring, gas management system operation and maintenance and annual inspections and reports as in accordance with Ministry of Environment regulations.

The estimated liability for this care is the present value for future cash flows associated with closure and post-closure costs discounted using the Township's average long-term borrowing rate of 6%. The change in the recorded liability is \$1,969 [2009 - \$1,897] based on a total estimated undiscounted outflow in the future of \$35,436,848, leaving an amount to be recognized in the future of \$35,398,417 [2009 - \$35,762,512] over the closure and post-closure period. An amount of \$nil [2009 - \$nil] has been provided in a reserve fund to fund this liability and future landfill expansion. The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

The estimated remaining life of the site is approximately 91 years. Post-closure care is estimated to continue for a period of approximately 20 years.

The Corporation of the Township of Nipigon

Notes to the Consolidated Financial Statements

December 31, 2010

10. TANGIBLE CAPITAL ASSETS

Schedule 2 provides information on the tangible capital assets of the Township by major asset class, as well as accumulated amortization of the assets controlled.

There were no write-downs of assets in 2010 [2009 - \$nil].

Interest capitalized during 2010 was \$nil [2009 - \$nil].

There were no contributed tangible capital assets in 2010 [2009 - \$nil].

There were no assets recorded at a nominal value in 2010 [2009 - \$nil].

11. SEGMENTED INFORMATION

The Corporation of the Township of Nipigon is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, ambulance, public transit and water. For management reporting purposes, the Government's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

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

General government

General government comprises various administrative services, including the Finance Department, Corporate Services Department, and Mayor and Council.

Protection to persons and property

Protection to persons and property is comprised of police services, fire services and protective inspection and control. The police services are contracted from the Ontario Provincial Police. The Fire Services Department is responsible for fire suppression; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. Protective inspection and control ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws for the protection of occupants. Protective inspection and control also represents the Township's proportionate share of the activities of the Thunder Bay Area Emergency Measures Organizations (EMO).

Transportation services

Transportation services include roadways, winter control, transit, parking and street lighting. Roadways covers the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, culverts, sidewalks, crossing guards and various traffic control measures. Winter control includes snowplowing, sanding and salting, snow removal and flood control. Street lighting plans, develops and maintains the street lighting system.

The Corporation of the Township of Nipigon

Notes to the Consolidated Financial Statements

December 31, 2010

Environmental services

Environmental services consist of waterworks, sanitary sewer, waste collection and disposal and recycling. Waterworks provides drinking water to the citizens of Nipigon. Sanitary sewer collects and treats wastewater. Waste collection and disposal and recycling includes the collection of solid waste, landfill site operations and waste minimization programs.

Health services

Health services includes public health services, hospital and ambulance services. Public health services covers the Township of Nipigon's proportionate share of the activities of the Thunder Bay District Health Unit. In response to the health needs of the community, the Thunder Bay District Health Unit provides health information and prevention-related clinical services to people of all ages; advocates for healthy public policy; protects citizens by investigating reportable diseases; and upholds regulations that apply to public health.

Social and family services

Social and family services include general assistance, assistance to aged persons, child care and assistance to the disabled. General assistance represents the Township's proportionate share of the activities of The District of Thunder Bay Social Services Administration Board (TBDSSAB). TBDSSAB is responsible for issuing welfare payments, Ontario Works program delivery, employment assistance services and social housing. Under assistance to aged persons, TBDSSAB is responsible for providing services to seniors.

Recreation and cultural services

Recreation and cultural services include parks, recreation programs and facilities, public library and contributions to cultural organizations. The Community Services Department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs, the development and maintenance of various recreational facilities, and the maintenance of parks and open spaces. The public library is dedicated to providing community access to local and global information resources that support lifelong learning, research and leisure activities. The Township operates and makes contributions to various cultural facilities and organizations, including the historical museum, under specific funding programs.

Planning and development

The Development Department manages urban and economic development for business interest, environmental concerns, heritage matters, local neighbourhoods and the downtown through town planning and community development and approval of all land development plans.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1. For additional information see the Consolidated Schedule of Segment Disclosure (Schedule 3).

The Corporation of the Township of Nipigon

Notes to the Consolidated Financial Statements

December 31, 2010

12. RESERVES AND RESERVE FUNDS

The continuity of reserves and reserve funds is as follows:

	2010	2009
	\$	\$
Reserves		
Balance, beginning of year	263,800	263,800
Balance, end of year	263,800	263,800
Reserve funds		
Balance, beginning of year	1,264,227	1,660,259
Increases		
Contributions from operations	237,267	238,980
Interest earned	7,339	7,198
Donations	1,387	1,973
	245,993	248,151
Decreases		
Contributions to operations	52,000	644,183
Balance, end of year	1,458,220	1,264,227

13. DESIGNATED ASSETS

Of the financial assets reported on the Consolidated Statement of Financial Position, the Council has designated \$1,602,336 [2009 - \$1,419,543] to support reserve funds.

14. BUDGET FIGURES

The operating budget approved by Township Council for 2010 is reflected on the Consolidated Statement of Operations and Accumulated Surplus. The budget is established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be incurred over a number of years and therefore may not be comparable with the current year's actual expenses. The Township does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been restated to be comparable with the PSAB reporting reflected in the actual results.

15. CONTINGENCIES

There are outstanding claims and litigation pending against the Township for which the amount of settlement, if any, is not determinable and will be charged to expenses when incurred.

The Corporation of the Township of Nipigon Schedule 1 Consolidated Schedule of Accumulated Surplus

Year ended December 31	2010	2009
	\$	\$
Surpluses		
Operating fund	387,384	223,245
Library	2,934	3,596
Invested in tangible capital assets	20,508,874	16,387,628
Unfunded		
Employee benefits and post-employment liabilities	(156,751)	(163,673)
Long-term liabilities	(173,311)	(214,041)
Landfill closure and post-closure liabilities	(38,431)	(36,462)
Total surpluses	20,530,699	16,200,293
Reserves set aside for specific purposes by Council		
For working funds	223,800	223,800
For vested sick leave	40,000	40,000
Total reserves	263,800	263,800
Reserve funds set aside for specific purposes by Council		
For forest fire	1,884	1,874
For cemetery	14,221	13,148
For industrial development	1,529	1,520
For land assembly	3,213	3,194
For library equipment	11,205	12,121
For street lighting	8,848	8,797
For public works machinery	42,165	41,922
For museum	8,140	8,093
For public works	34,094	33,897
For recreation field	4,239	4,214
For roadwork	160,103	159,587
For sewage disposal system	32,040	21,913
For waterworks	62,402	62,042
For community centre	31,336	44,687
For general administration	934,591	794,976
For fire department	60,764	52,040
For economic development	47,446	202
Total reserve funds	1,458,220	1,264,227
Accumulated surplus	22,252,719	17,728,320

Schedule 2

**The Corporation of the Township of Nipigon
Consolidated Schedule of Tangible Capital Assets**

Year ended December 31, 2010

	General										Infrastructure		Totals		
	Land	Land Improvements	Buildings	Computer	Library Collection	Licensed Vehicles	Unlicensed Vehicles	Furniture and Equipment	Machinery and Equipment	Assets Under Capital Lease	Buildings	Linear Assets	Assets Under Construction	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST															
Balance, beginning of year	3,366,947	3,054,668	6,276,500	17,700	190,600	881,751	106,000	391,941	2,227,235	159,020	1,971,720	7,006,076	—	25,650,158	21,323,028
Add															
Additions during the year	34,805	13,400	38,449	—	8,400	22,400	—	—	4,288	—	70,927	163,418	4,439,789	4,795,876	4,471,701
Less															
Disposals during the year	30,000	—	—	—	—	—	—	—	—	—	—	2,940	—	32,940	144,571
Balance, end of year	3,371,752	3,068,068	6,314,949	17,700	199,000	904,151	106,000	391,941	2,231,523	159,020	2,042,647	7,166,554	4,439,789	30,413,094	25,650,158
ACCUMULATED AMORTIZATION															
Balance, beginning of year	—	366,283	2,957,697	15,540	100,369	499,391	89,517	172,781	1,061,101	15,902	64,010	3,919,939	—	9,262,530	8,837,273
Add															
Amortization during the year	—	122,046	164,913	1,440	8,585	32,694	6,633	18,752	86,734	10,601	54,902	135,566	—	642,866	558,251
Less															
Accumulated amortization on disposals	—	—	—	—	—	—	—	—	—	—	—	1,176	—	1,176	132,994
Balance, end of year	—	488,329	3,122,610	16,980	108,954	532,085	96,150	191,533	1,147,835	26,503	118,912	4,054,329	—	9,904,220	9,262,530
Net book value	3,371,752	2,579,739	3,192,339	720	90,046	372,066	9,850	200,408	1,083,688	132,517	1,923,735	3,112,225	4,439,789	20,508,874	16,387,628

The Corporation of the Township of Nipigon Consolidated Schedule of Segment Disclosure

Year ended December 31, 2010

Schedule 3

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
Revenues										
Taxation	2,129,904	2,140,055	—	—	—	—	—	—	—	—
Operating grants	1,111,000	1,129,616	6,844	14,508	—	41,982	40,000	65,773	—	—
User fees and service charges	11,302	5,764	13,000	16,360	16,351	28,987	353,490	296,606	11,193	11,875
Other municipalities	—	—	11,749	11,567	—	—	—	—	—	—
Other revenues	81,796	90,947	—	15	—	—	—	—	—	—
Interest income	17,570	9,363	—	—	—	—	—	—	—	—
Capital grants	—	—	—	—	78,000	94,000	4,606,396	93,225	—	—
	3,351,572	3,375,745	31,593	42,450	94,351	164,969	4,999,886	455,604	11,193	11,875
Expenses										
Salaries, wages and employee benefits	266,574	301,148	88,590	86,257	308,191	356,649	280,810	300,794	19,206	21,179
Interest on long-term liabilities	—	—	5,051	5,493	1,444	1,062	—	—	—	—
Materials	145,270	184,051	67,700	65,802	199,436	228,251	408,283	480,804	10,157	8,315
Contracted services	66,372	59,043	18,200	20,898	19,096	17,852	17,116	19,614	1,050	1,050
Rent and financials	15,421	4,219	—	—	1,803	1,824	167	279	234	66
External transfers	—	—	538,878	495,519	—	—	—	—	88,924	88,211
Amortization	49,434	34,044	53,997	64,282	183,321	135,952	62,681	88,893	—	—
	543,071	582,505	772,416	738,251	713,291	741,590	769,057	890,384	119,571	118,821
Net revenues (expenses)	2,808,501	2,793,240	(740,823)	(695,801)	(618,940)	(576,621)	4,230,829	(434,780)	(108,378)	(106,946)

**The Corporation of the Township of Nipigon
Consolidated Schedule of Segment Disclosure**

Year ended December 31, 2010

Schedule 3 (continued)

	Social and Family Services		Recreation and Cultural Services		Planning and Development		Total
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	
Revenues							
Taxation	—	—	—	—	—	—	2,140,055
Operating grants	—	—	33,320	73,205	108,953	216,870	1,541,954
User fees and service charges	—	—	96,870	75,938	10,667	625	2,129,904
Other municipalities	—	—	—	—	—	—	1,300,117
Other revenues	—	—	69,008	77,874	60,904	—	512,873
Interest income	—	—	39	252	—	—	11,749
Capital grants	—	—	2,637	859,705	96,003	2,894,526	211,708
	—	—	201,874	1,086,974	276,527	3,112,021	17,609
							4,783,036
							8,966,996
							8,249,638
Expenses							
Salaries, wages and employee benefits	—	—	384,028	364,380	170,288	189,571	1,517,687
Interest on long-term liabilities	—	—	—	—	—	—	6,495
Materials	—	—	324,598	576,878	104,595	106,128	1,260,039
Contracted services	—	—	11,487	13,708	—	—	133,321
Rent and financials	—	—	—	—	—	—	17,625
External transfers	204,998	232,893	—	—	—	—	832,800
Amortization	—	—	293,433	235,080	—	—	642,866
	204,998	232,893	1,013,546	1,190,046	274,883	295,699	4,410,833
	(204,998)	(232,893)	(811,672)	(103,072)	1,644	2,816,322	4,556,163
Net revenues (expenses)							3,459,449



Independent Auditor's Report

Grant Thornton LLP

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To the Board Members of

The Township of Nipigon Public Library Board

We have audited the accompanying financial statements of The Township of Nipigon Public Library Board, which comprise the statement of financial position as at December 31, 2010 and the 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.

Auditor's 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 auditor's 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 Township of Nipigon Public Library Board as at December 31, 2010, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Thunder Bay, Canada
September 13, 2011

Chartered Accountants
Licensed Public Accountants

The Township of Nipigon Public Library Board Statement of Financial Position

As at December 31	2010	2009
	\$	\$
FINANCIAL ASSETS		
Cash	—	1,329
Accounts receivable	12,343	7,947
Due from The Corporation of the Township of Nipigon	282	—
Total financial assets	12,625	9,276
LIABILITIES AND NON-FINANCIAL ASSETS		
Liabilities		
Bank indebtedness	1,920	—
Accounts payable	7,771	5,360
Due to The Corporation of the Township of Nipigon	—	320
Total liabilities	9,691	5,680
NET FINANCIAL ASSETS	2,934	3,596
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[schedule]</i>	198,100	207,089
Accumulated surplus <i>[note 3]</i>	201,034	210,685

See accompanying notes to the financial statements.

The Township of Nipigon Public Library Board Statement of Operations and Accumulated Surplus

Year ended December 31	2010	2010	2009
	Budget	Actual	Actual
	\$	\$	\$
REVENUES			
Government of Canada grants	6,394	2,637	3,900
Municipal contribution	71,872	71,872	68,872
Province of Ontario grants	31,710	16,084	24,598
Other	14,973	11,972	14,335
Total revenues	124,949	102,565	111,705
EXPENSES			
Operating			
Administration	26,395	13,949	11,502
Amortization	—	17,389	17,356
Miscellaneous	450	207	766
Program expenses	13,394	7,001	4,208
Program wages	8,490	7,682	7,123
Supplies	2,800	2,546	804
Utilities	6,330	5,540	6,374
Wages and benefits	61,325	58,888	59,502
	119,184	113,202	107,635
NET REVENUES (EXPENSES)	5,765	(10,637)	4,070
Financing and transfers			
Net transfer from reserve fund <i>[note 4]</i>	2,235	986	7,053
Annual surplus (deficit)	8,000	(9,651)	11,123
Accumulated surplus, beginning of year	—	210,685	199,562
Accumulated surplus, end of year	8,000	201,034	210,685

See accompanying notes to the financial statements.

The Township of Nipigon Public Library Board Statement of Change in Net Financial Assets

Year ended December 31	2010	2010	2009
	Budget	Actual	Actual
	\$	\$	\$
Annual surplus (deficit)	8,000	(9,651)	11,123
Acquisition of tangible capital assets	(8,000)	(8,400)	(29,800)
Amortization of tangible capital assets	—	17,389	17,356
Decrease in net financial assets	—	(662)	(1,321)
Net financial assets, beginning of year	—	3,596	4,917
Net financial assets, end of year	—	2,934	3,596

See accompanying notes to the financial statements.

The Township of Nipigon Public Library Board

Statement of Cash Flows

Year ended December 31	2010	2009
	\$	\$
OPERATIONS		
Annual surplus (deficit)	(9,651)	11,123
Non-cash charges		
Amortization of tangible capital assets	17,389	17,356
	7,738	28,479
Net change in non-cash working capital balances		
Decrease in accounts receivable	(4,396)	(2,395)
Change in due to (from) The Corporation of the Township of Nipigon	(602)	42,501
Increase (decrease) in accounts payable	2,411	(15,566)
Decrease in deferred grant revenue	—	(150,000)
Cash provided by (used in) operating transactions	5,151	(96,981)
CAPITAL		
Acquisition of tangible capital assets	(8,400)	(29,800)
Cash used in capital transactions	(8,400)	(29,800)
Decrease in cash	(3,249)	(126,781)
Opening cash	1,329	128,110
Closing cash (bank indebtedness)	(1,920)	1,329

See accompanying notes to the financial statements.

The Township of Nipigon Public Library Board

Notes to the Financial Statements

December 31, 2010

1. NATURE OF BUSINESS

The Township of Nipigon Public Library Board ("Library Board") provides access to books and other sources of information to the citizens of the Township of Nipigon.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the Library Board are prepared by management in accordance with accounting policies generally accepted for the local government sector as prescribed by the Public Sector Accounting Board ("PSAB") of the CICA.

Accrual accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable.

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. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	30 - 50 years
Computers	5 years
Furniture and equipment	7 - 25 years
Library collection	10 years

Assets under construction are not amortized until the asset is available for productive use.

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.

Leases

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable.

Cash

Cash consists of cash on deposit and cash on hand.

Reporting entity

The financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the Library Board.

The Township of Nipigon Public Library Board

Notes to the Financial Statements

December 31, 2010

Revenue recognition

Government grants are recognized when approved to the extent the related expenses have been incurred and collection can be reasonably assured.

User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

Deferred revenue

Deferred revenue is comprised of donations subject to externally imposed restrictions with respect to its use and the unspent portion of conditional grants.

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Library Board may undertake in the future. Significant accounting estimates include allowance for doubtful accounts. Actual results could differ from those estimates.

Budget figures

The operating budget approved by the Library Board for 2010 is reflected on the Statement of Operations and Accumulated Surplus. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be incurred over a number of years and therefore may not be comparable with the current year's actual expenses. Budget figures have been restated to be comparable with the PSAB reporting reflected in the actual results.

3. ACCUMULATED SURPLUS

	2010	2009
	\$	\$
General fund	2,934	3,596
Investment in tangible capital assets	198,100	207,089
	201,034	210,685

The Township of Nipigon Public Library Board

Notes to the Financial Statements

December 31, 2010

4. ANALYSIS OF RESERVE FUND

	2010	2009
	\$	\$
Balance, beginning of year	12,121	19,098
Net contribution from operating fund	(986)	(7,053)
Interest income	70	76
Balance, end of year	11,205	12,121

The reserve fund is being held by the Township.

5. PENSION AGREEMENTS

The Library Board 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 retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2010 was \$2,477 [2009 - \$2,450] for current service.

6. BUDGET FIGURES

Budget figures are compiled from the 2010 fiscal year operating budget approved by the Library Board and are not subject to audit.

7. DEFERRED GRANT REVENUE

The Library Board received a grant for \$150,000 which was used to fund a portion of the municipal library building. During 2009, the grant revenue and related asset was recorded in the financial statements of The Corporation of the Township of Nipigon.

The Township of Nipigon Public Library Board
Schedule of Tangible Capital Assets

Year ended December 31, 2010

	Land \$	Buildings \$	Computer \$	Library Collection \$	Furniture and Equipment \$	Assets Under Construction \$	2010 Total \$	2009 Total \$
COST								
Balance, beginning of year	31,200	31,100	8,300	190,600	143,406	—	404,606	374,806
Additions during the year	—	—	—	8,400	—	—	8,400	29,800
Balance, end of year	31,200	31,100	8,300	199,000	143,406	—	413,006	404,606
ACCUMULATED AMORTIZATION								
Balance, beginning of year	—	29,650	6,140	100,369	61,358	—	197,517	180,161
Add								
Amortization during the year	—	580	1,440	8,585	6,784	—	17,389	17,356
Balance, end of year	—	30,230	7,580	108,954	68,142	—	214,906	197,517
Net book value	31,200	870	720	90,046	75,264	—	198,100	207,089



Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers of

The Corporation of the Township of Nipigon

We have audited the accompanying financial statements of the Cemetery Perpetual Care Trust Fund of The Corporation of the Township of Nipigon, which comprise the statement of financial position as at December 31, 2010 and the statement of continuity 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.

Auditor's 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 auditor's 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 Trust Fund as at December 31, 2010, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Thunder Bay, Canada
September 13, 2011

Chartered Accountants
Licensed Public Accountants

**The Corporation of the Township of Nipigon
Cemetery Perpetual Care Trust Fund
Statement of Financial Position**

As at December 31	2010	2009
	\$	\$
FINANCIAL ASSETS		
Short-term investment <i>[note 2]</i>	94,218	91,683
FUND BALANCE		
Capital	94,218	91,683

See accompanying notes to the financial statements.

**The Corporation of the Township of Nipigon
Cemetery Perpetual Care Trust Fund
Statement of Continuity**

Year ended December 31	2010	2009
	\$	\$
Balance, beginning of year	91,683	89,438
REVENUES		
Interest earned	413	1,475
Portion of plot sales	2,535	2,245
Total revenues	2,948	3,720
EXPENSES		
Transfers to Cemetery Board	413	1,475
Balance, end of year	94,218	91,683

See accompanying notes to the financial statements.

**The Corporation of the Township of Nipigon
Cemetery Perpetual Care Trust Fund
Notes to the Financial Statements**

December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICY

Basis of accounting

Capital receipts and income of the Cemetery Perpetual Care Trust Fund are reported on the cash basis of accounting.

Expenditures are reported on the cash basis of accounting with the exception of administrative expenditures which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

2. SHORT-TERM INVESTMENT

The investment consists of Guaranteed Investment Certificates maturing December 31, 2010, yielding interest at 0.45%.