



Consolidated Financial Statements

**The Corporation of the Township of King**

December 31, 2009

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## Auditors' Report

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To the Mayor and Members of Council of  
**The Corporation of the Township of King**

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

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

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

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.



Markham, Canada  
June 18, 2010

Chartered Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWNSHIP OF KING**  
**Consolidated Statement of Financial Position**

December 31

2009

2008

(Restated -  
see Note 2)

**Financial assets**

Cash	\$ 13,681,920	\$ 35,562,394
Taxes receivable	5,128,488	4,834,007
User charges receivable	474,334	451,085
Accounts receivable	1,142,722	1,276,766
	<u>20,427,464</u>	<u>42,124,252</u>

**Financial liabilities**

Accounts payable and accrued liabilities	10,884,716	38,530,556
Accrued interest on long term liabilities	144,069	62,372
Developer and other deposits	2,557,387	2,200,582
Deferred revenue - obligatory reserve funds (Note 5)	3,149,879	1,173,767
Employee benefits and other liabilities (Note 6)	1,212,263	1,081,668
Solid waste landfill closure and post closure (Note 8)	1,552,577	1,489,540
Long term liabilities (Note 9)	23,353,899	15,063,586
	<u>42,854,790</u>	<u>59,602,071</u>

**Net debt (Page 5)**

<u>(22,427,326)</u>	<u>(17,477,819)</u>
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**Non-financial assets**

Prepaid expenses	46,671	76,213
Tangible capital assets (Note 11)	134,065,085	126,122,083
	<u>134,111,756</u>	<u>126,198,296</u>

**Accumulated Surplus (Note 10)**

\$ <u>111,684,430</u>	\$ <u>108,720,477</u>
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Approved by

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See accompanying notes to the consolidated financial statements.

**THE CORPORATION OF THE TOWNSHIP OF KING**  
**Consolidated Statement of Operations and Accumulated Surplus**

Year ended December 31	Budget 2009 (Unaudited)	Actual 2009	Actual 2008 (Restated - see Note 2)
<b>Revenues</b>			
Property taxation (Note 4)	\$ 14,046,925	\$ 13,731,122	\$ 13,020,335
Taxation from other governments	215,000	220,071	216,740
User charges	4,507,689	4,316,302	3,741,329
Government grants	11,202,580	2,377,709	8,958,329
Contributions from developers	2,971,250	982,565	3,261,556
Investment income	304,500	115,370	1,023,507
Penalties and interest on taxes and water billings	595,000	716,696	627,859
Local area charges	5,390,200	3,126,453	356,613
Environmental services	117,000	77,814	108,146
Provincial offences administration	75,000	73,527	73,745
Lease revenue	120,000	113,108	119,808
Donations	8,000	67,712	66,762
Other	49,100	253,648	53,254
	<u>39,602,244</u>	<u>26,172,097</u>	<u>31,627,983</u>
<b>Expenditures</b>			
General government	4,032,780	3,880,112	3,889,726
Protection to persons and property	3,566,322	3,569,736	3,542,808
Transportation services	6,667,784	7,221,969	6,785,873
Environmental services	3,249,019	2,690,483	2,667,303
Recreational and cultural services	5,129,443	5,018,598	4,948,697
Planning and development	1,001,883	827,246	888,043
	<u>23,647,231</u>	<u>23,208,144</u>	<u>22,722,450</u>
<b>Annual surplus</b>	15,955,013	2,963,953	8,905,533
<b>Accumulated surplus, beginning of year</b>	<u>108,720,477</u>	<u>108,720,477</u>	<u>99,814,944</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 124,675,490</u>	<u>\$ 111,684,430</u>	<u>\$ 108,720,477</u>

See accompanying notes to the consolidated financial statements.

**THE CORPORATION OF THE TOWNSHIP OF KING**  
**Consolidated Statement of Cash Flows**

Year ended December 31

**2009**

**2008**

(Restated - see  
Note 2)

Increase (decrease) in cash

**Operating activities**

Annual surplus	\$	<b>2,963,953</b>	\$	8,905,533
Amortization expense		<b>4,377,034</b>		4,307,096
Loss on sale of tangible capital assets		<b>10,632</b>		32,653
Contributed tangible capital assets		<b>(424,440)</b>		-
Changes in non-cash item balances				
Taxes receivable		<b>(294,481)</b>		(503,925)
User charges receivable		<b>(23,249)</b>		19,200
Accounts receivable		<b>134,044</b>		194,082
Prepaid expenses		<b>29,542</b>		(37,696)
Accounts payable and accrued liabilities		<b>(27,645,840)</b>		16,410,041
Accrued interest on long term debt liabilities		<b>81,697</b>		(7,987)
Deferred revenue - obligatory reserve funds		<b>1,976,112</b>		(78,026)
Developer and other deposits		<b>356,805</b>		843,349
Employee benefits and other liabilities		<b>130,595</b>		216,578
Solid waste landfill closure and post closure liability		<b>63,037</b>		141,345
Cash provided by operating activities		<b>(18,264,559)</b>		30,442,243

**Financing activities**

Proceeds from debt issue		<b>10,000,000</b>		-
Principal repayment on long term debt		<b>(1,709,687)</b>		(1,635,935)
Cash provided by financing activities		<b>8,290,313</b>		(1,635,935)

**Investing activities**

Purchase of tangible capital assets		<b>(11,998,879)</b>		(21,421,791)
Proceeds from sale of tangible capital assets		<b>92,651</b>		-
Cash provided by investing activities		<b>(11,906,228)</b>		(21,421,791)

**Net (decrease) increase in cash**

**(21,880,474)**      7,384,517

**Cash, beginning of year**

**35,562,394**      28,177,877

**Cash, end of year**

**\$ 13,681,920**      \$ 35,562,394

**Supplementary information:**

Interest paid	\$	<b>872,047</b>	\$	754,617
Interest received	\$	<b>28,993</b>	\$	218,409

See accompanying notes to the consolidated financial statements.

**THE CORPORATION OF THE TOWNSHIP OF KING**  
**Consolidated Statement of Change in Net Debt**

Year ended December 31

**2009**

**2008**

(Restated - see  
Note 2)

Annual surplus	\$ <u>2,963,953</u>	\$ <u>8,905,533</u>
Acquisition of tangible capital assets	(11,998,879)	(21,421,791)
Contributed tangible capital assets	(424,440)	-
Amortization of tangible capital assets	4,377,034	4,307,096
Proceeds from sale of tangible capital assets	92,651	-
Loss on sale of tangible capital assets	<u>10,632</u>	<u>32,653</u>
	<u>(7,943,002)</u>	<u>(17,082,042)</u>
Use of prepaid expenses	<u>29,542</u>	<u>(37,696)</u>
<b>Change in net debt</b>	<b>(4,949,507)</b>	<b>(8,214,205)</b>
<b>Net debt, beginning of year</b>	<b><u>(17,477,819)</u></b>	<b><u>(9,263,614)</u></b>
<b>Net debt, end of year</b>	<b>\$ <u>(22,427,326)</u></b>	<b>\$ <u>(17,477,819)</u></b>

See accompanying notes to the consolidated financial statements.

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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2009

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### **Nature of operations**

The Corporation of the Township of King (the "Township") is a lower-tier municipality located in the Regional Municipality of York, Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislations.

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### **1. Summary of significant accounting policies**

#### **Basis of presentation**

The consolidated financial statements of the Township are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA").

Effective January 1, 2009, the Township adopted CICA Public Sector Handbook section 1200 Financial Statement Presentation and section 3150 Tangible Capital Assets. As a result of these changes, the Township has recorded its tangible capital assets for 2009 with prior year information restated to conform with the current year presentation. In addition, the statements reflect the new Consolidated Statement of Changes in Net Financial Assets and no longer reflect the Statements of current, capital and reserve funds.

#### **Reporting entity**

The consolidated statements reflect the assets, liabilities, revenues, expenditures and fund balances and include the activities of all committees of Council and the following boards and water system which are accountable for the administration of their financial affairs and resources to Council and are controlled by the Township

The King Township Municipal Water System  
The King Township Public Library Board

All inter-entity transactions and balances are eliminated on consolidation.

The taxation, other revenues, expenditures, assets and liabilities with respect to school boards and the Region of York are not reflected in the Township's consolidated financial statements except to record any resulting receivable or payable with the Township at year-end.

#### **Accrual accounting**

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

#### **Reserves and reserve funds**

Certain amounts, as approved by the Township's Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.



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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

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December 31, 2009

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### 1. Summary of significant accounting policies (continued)

#### Government transfers

Government transfers are recognized in the financial statements as revenues in the year in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

#### Deferred revenue

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These accounts will be recognized as revenues in the fiscal year the services are performed. The Township receives development charge contributions and payments in lieu of parkland under the authority of provincial legislation and Township by-laws. These funds, by their nature, are restricted in their use and, until applied to applicable capital works, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expected.

#### Investment income

Investment income earned is reported as revenue in the period earned. Investment income earned on development charges and parkland obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue – obligatory reserve fund balances.

#### 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.

##### (i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributed 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, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

	<u>Useful life - years</u>
Land improvements	15 - 50
Facilities	20 - 45
Machinery and equipment	3 - 10
Vehicles	2 - 25
Transportation infrastructure	15 - 75
Environmental infrastructure	80 - 100

Assets under construction are not amortized until the asset is available for productive use. No amortization is charged in the year of acquisition.

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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2009

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### 1. Summary of significant accounting policies (continued)

#### Non-financial assets (continued)

##### (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. Tangible capital assets conveyed from developers are recorded at the estimated engineering value at time of registration.

##### (iii) Interest capitalization

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

#### Employee future benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs. Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued where they are vested and subject to payout when an employee leaves the Township's employ.

#### Solid waste landfill closure and post closure liability

Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. The estimated liability of these expenditures is recognized as the landfill site's capacity is used.

#### Subdivision infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the municipality. The municipality is not involved in the construction and does not budget for either the contributions from the developer or the capital expenditure.

#### Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

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December 31, 2009

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### 2. Changes in accounting policies

The Township has implemented PSAB Sections PS1200 Financial Statement Presentation and PS3150 Tangible Capital Assets. Section PS1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section PS3150 requires governments to record and amortize their tangible capital assets in their financial statements. Prior year figures have been restated on the same basis wherever possible, to be comparable with the current year data.

### Methods used for determining the cost of each major category of tangible capital assets

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The Township applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets of which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would prove a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, either the Non-residential Building Construction Price Index (NRBCPI) or Consumer Price Index (CPI) was used to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition.

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### 3. Budget reconciliation

The authority of Council is required before moneys can be spent by the Municipality. Approvals are given in the form of an annually approved budget. The budget approved by the Council differs from the budget in the Consolidated Statement of Operations as the approved budget has been adjusted to account for the material changes due to PSAB reporting requirements.

	(Unaudited)	
	<u>Revenue</u>	<u>Expenses</u>
Council approved budget:		
Operating	\$ 20,605,155	\$ 28,705,697
Capital	<u>18,997,089</u>	<u>27,238,166</u>
Total Council approved budget	39,602,244	55,943,863
Less: Tangible capital assets capitalized	-	(26,673,666)
Less: Proceeds from Long Term Debt	-	(10,000,000)
Add: Amortization expense	<u>-</u>	<u>4,377,034</u>
Adjusted budget per Consolidated statement of Operations	\$ <u>39,602,244</u>	\$ <u>23,647,231</u>

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### 4. Operations of district school boards and the Region of York

During 2009, requisitions were made by the district school boards and Region of York, requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	<u>District School Boards</u>	<u>Region of York</u>
Property taxes	\$ 11,155,452	\$ 17,729,163
Taxation from other governments	<u>1,589</u>	<u>226,879</u>
Amounts requisitioned and remitted	\$ <u>11,157,041</u>	\$ <u>17,956,042</u>

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2009

### 5. Deferred revenue – obligatory reserve funds

A requirement of PSAB is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are summarized below:

	<u>2009</u>	<u>2008</u>
Development charges	\$ 2,545,014	\$ 734,072
Parkland	<u>604,865</u>	<u>439,695</u>
	<u>\$ 3,149,879</u>	<u>\$ 1,173,767</u>

### 6. Employee future benefits payable

The Township provides certain employee benefits that will require funding in future periods. Under the Township's sick leave plan, unused sick leave can accumulate and employees with five years of active service are entitled to a maximum benefit of 50% of the employee's annual salary at the date of retirement, termination or death. The Township also pays certain health, dental and life insurance benefits on behalf of its retired employees.

The Township recognizes the cost of its post retirement non-pension benefit costs and sick leave obligations in the period in which the employee rendered the services.

	<u>2009</u>	<u>2008</u>
Accrued post retirement non-pension benefits	\$ 302,304	\$ 260,991
Vested sick leave benefits	<u>621,575</u>	<u>545,775</u>
Vacation pay	<u>288,384</u>	<u>274,902</u>
	<u>\$ 1,212,263</u>	<u>\$ 1,081,668</u>

The actuarially extrapolated results for each of the plans as at December 31, 2009 are as follows:

	Post Non-Pension Benefits	Vested Sick Leave Benefits	Total <u>2009</u>	Total <u>2008</u>
Accrued benefit liability, beginning of year	\$ 260,991	\$ 545,775	\$ 806,766	\$ 653,554
Current service cost	27,064	48,316	75,380	73,547
Actuarial loss	-	-	-	47,184
Interest cost	14,249	27,484	41,733	38,562
Benefit payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,081)</u>
Accrued benefit liability, end of year	<u>\$ 302,304</u>	<u>\$ 621,575</u>	<u>\$ 923,879</u>	<u>\$ 806,766</u>

Actuarial evaluations for accounting purposes are performed every three years using the projected benefit method prorated on services. The most recent actuarial report was prepared at December 31, 2008, at which date there was no unamortized actuarial losses. The average remaining service period of the active employees covered by the benefit plan is thirteen years for 2009.

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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2009

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### 6. Employee future benefits payable (continued)

The assumptions used in the December 31, 2008 actuarial valuation and the projections for fiscal 2009 and 2010 were:

#### *General inflation*

Future general inflation levels were assumed to be 2.0%.

#### *Interest (discount) rate*

The present value of the post employment benefit liability was determined using a discount rate of 5.0%.

#### *Health costs*

Health costs were assumed to increase at a rate of 10.0% for 2008, decreasing to 9.0% in 2009 and then decreasing the over next 4 years to a rate of 5.0%, and remain at 5.0% thereafter.

#### *Dental costs*

Dental costs were assumed to increase at a rate of 5.0% for 2008 and remain at 5.0% thereafter.

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### 7. Pension agreement

The Township makes contributions to the Ontario Municipal Retirement System ("OMERS"), which is a multi-employer pension plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by eligible employees based on the length of credited service and the average earnings.

Contributions in 2009 ranged from 6.3% to 12.8% (2008 – 6.5% to 10.7%) depending on level of earnings. The 2009 operating expense for OMERS was \$445,033 (2008 - \$412,104).

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### 8. Solid waste landfill closure and post closure

The Township has one landfill that is closed and another that is expected to reach capacity in 2014. Remaining closure costs have been estimated at \$1,135,000, at the time of estimated closure. Post closure costs include regular inspection of the cover layer and annual ground water and surface water monitoring. Post closure costs have been estimated at \$60,000 per year for the next twenty-three years for both sites.

The estimated total expenditures represent the sum of the discounted future cash flows for closure and post closure activities discounted at the Township's average long term borrowing rate of 5%.

The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management. The most recent valuation was prepared on December 31, 2008. Future events may result in significant changes to the estimated total expenditures and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2009

### 9. Long term debt

The long term debt incurred by the Township and outstanding at the end of the year amount to consists of the following:

<u>By-law</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2009</u>	<u>2008</u>
98-105	Construction of sewage works in the Schomberg Industrial Subdivision	3.1% to 5.9%	2011	\$ 157,985	\$ 231,372
99-159	Purchase of lands and premises for municipal purposes	3.1% to 5.9%	2011	553,914	811,214
2005-41	Construction of a water delivery system in the community of Ansnorveldt	3.1% to 4.1%	2015	197,000	226,000
2006-106	Construction of sewage works in the community of King City	4.4% to 4.6%	2017	12,445,000	13,750,000
2008-76	Construction of roads and road Repairs in the Township	5.0%	2017	10,000,000	-
97-74	Construction of an addition and renovations to King City Arena	5.6% to 6.4%	2009	-	45,000
				<u>\$ 23,353,899</u>	<u>\$ 15,063,586</u>

Principal repayments for each of the next five years and thereafter are as follows:

2010	\$ 2,128,257
2011	2,369,071
2012	2,005,428
2013	2,006,428
2014	2,008,428
Thereafter	<u>12,836,287</u>
	<u>\$ 23,353,899</u>

The long term debt issued in the name of the Township, has been approved by by-law. The annual principal and interest payments required to service these debts are within the annual debt repayment limited prescribed by the Ministry of Municipal Affairs and Housing.

Interest expense on long term debt in 2009 amounted to \$1,001,613 (2008 - \$738,642).

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2009

### 10. Accumulate surplus

Accumulated surplus is comprised of the following:

	<u>2009</u>	<u>2008</u>
<b>Reserves set aside for specific purposes by Council</b>		
Acquisition of capital assets	\$ 1,767,123	\$ 3,670,133
Recreation and culture programs and facilities	89,875	58,211
Working capital	1,832,625	1,832,625
Sick leave	397,226	397,226
Personnel matters	149,200	42,200
Planning matters	380,215	283,662
Heritage preservation	36,179	31,582
Environmental matters	690,000	690,000
Election expenditures	81,000	54,000
Current operations	610,378	563,000
King City sewer capital costs	20,133	20,133
Fire department training	-	20,500
Library capital expenditures	(4,043)	(4,043)
	<u>6,049,911</u>	<u>7,659,229</u>
<b>Reserve funds set aside for specific purpose by Council</b>		
Acquisition of capital assets	7,459,760	6,810,457
Repayment of water and sewer debentures	(1,778,946)	(464,685)
Water system capital expenditures	1,842,822	1,837,558
	<u>7,523,636</u>	<u>8,183,330</u>
Total reserves and reserve funds	<u>13,573,547</u>	<u>15,842,559</u>
<b>Surpluses</b>		
Invested in tangible capital assets	134,065,085	126,122,083
Less: amount financed by long term debt and	(23,353,899)	(15,063,586)
Interest on long term debt	(144,069)	(62,372)
General	(9,722,159)	(15,555,082)
Water	23,257	305
Library	7,508	7,778
Unfunded		
Employee benefits and post employment liabilities	(1,212,263)	(1,081,668)
Solid waste landfill and post-closure liabilities	(1,552,577)	(1,489,540)
Total surpluses	<u>98,110,883</u>	<u>92,877,918</u>
<b>Accumulated surplus</b>	<b>\$ <u>111,684,430</u></b>	<b>\$ <u>108,720,477</u></b>

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2009

### 11. Tangible capital assets

<b>Cost</b>	Balance as at December 31, <u>2008</u>	<u>Additions</u>	Disposals/ <u>Transfers</u>	Balance as at December 31, <u>2009</u>
Land	\$ 20,759,116	\$ 419,343	\$ -	\$ 21,178,459
Land improvements	4,345,379	265,698	-	4,611,077
Facilities	15,533,142	213,287	-	15,746,429
Vehicles	9,782,708	1,240,872	(389,145)	10,634,435
Machinery and equipment	1,359,474	182,684	(192,219)	1,349,939
Transportation infrastructure	97,755,532	1,083,127	(694,642)	98,144,017
Environmental infrastructure	<u>28,286,868</u>	<u>-</u>	<u>-</u>	<u>28,286,868</u>
	177,822,219	3,405,011	(1,276,006)	179,951,224
Assets under construction	<u>19,364,546</u>	<u>9,124,924</u>	<u>(106,616)</u>	<u>28,382,854</u>
	<u>\$ 197,186,765</u>	<u>\$ 12,529,935</u>	<u>\$ (1,382,622)</u>	<u>\$ 208,334,078</u>

<b>Accumulated amortization</b>	Balance as at December 31, <u>2008</u>	<u>Amortization</u>	<u>Disposals</u>	Balance as at December 31, <u>2009</u>
Land improvements	\$ 2,299,317	\$ 153,565	\$ -	\$ 2,452,882
Facilities	7,256,798	323,734	-	7,580,532
Vehicles	4,568,208	614,512	(285,862)	4,896,858
Machinery and equipment	572,501	214,215	(192,219)	594,497
Transportation infrastructure	50,206,908	2,739,851	(694,642)	52,252,117
Environmental infrastructure	<u>6,160,950</u>	<u>331,157</u>	<u>-</u>	<u>6,492,107</u>
	<u>\$ 71,064,682</u>	<u>\$ 4,377,034</u>	<u>\$ (1,172,723)</u>	<u>\$ 74,268,993</u>

<b>Net book value</b>	Balance as at December 31, <u>2008</u>	Balance as at December 31, <u>2009</u>
Land	\$ 20,759,116	\$ 21,178,459
Land improvements	2,046,062	2,158,195
Facilities	8,276,343	8,165,897
Vehicles	5,214,500	5,737,577
Machinery and equipment	786,973	755,442
Transportation infrastructure	47,548,624	45,891,900
Environmental infrastructure	<u>22,125,919</u>	<u>21,794,761</u>
	106,757,537	105,682,231
Assets under construction	<u>19,364,546</u>	<u>28,382,854</u>
	<u>\$ 126,122,083</u>	<u>\$ 134,065,085</u>



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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2009

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### 11. Tangible capital assets (continued)

#### a) Assets under construction

Assets under construction and other capital work in progress having cost of \$28,382,854 (2008 - \$19,364,546) have not been amortized. Amortization of these assets will commence when the assets are put into service.

#### b) Contributed tangible capital assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$424,440 (2008 - \$Nil).

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### 12. Insurance coverage

The Township is self insured for insurance claims up to \$5,000 for any individual claim and for any number of claims arising out of a single occurrence. The Township has not made any provisions for self insurance claims under \$5,000 in the reserves or reserve funds. Claim costs during the year amounted to \$38,281 (2008 - \$25,250).

The Township is a member of the Ontario Municipal Insurance Exchange, which is a licensed group for liability insurance coverage. Contributions have been made to the fund for claims in excess of \$5,000 and under \$50,000,000. These contributions have been reported as expenditures on the "Consolidated Statement of Operations". The contribution for the year was \$246,965 (2008 - \$215,410).

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### 13. Segmented information

The Township provides a wide range of services to its citizens. For management reporting purposes the Township's operations and activities are organized and reported by services they supply. Township services are provided by departments and their activities are reported. The following departments have been separately disclosed in the segmented information, along with a description of their services.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. The Consolidated Schedule of Segment Disclosure follows the notes to the financial statements.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and the amounts that are allocated on a reasonable basis. Taxation revenue is allocated to the general government as there is no appropriate basis of allocation to other segments.

#### *Governance & Corporate Support*

The Township Council, the Office of the CAO, Finance, Clerks and other support staff and services are included here.

#### *Fire & Emergency Services*

King Fire and Emergency Services provides fire services to the residents of King. They are responsible to provide fire suppression service, fire prevention programs, training and education related to prevention, detection or extinguishment of fires.

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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2009

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### 13. Segmented information (continued)

#### *Bylaw & Building Services*

The Township 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. It facilitates economic development by providing services for the approval of building permit applications.

#### *Environmental Services*

The Township provides drinking water to its citizens and collects wastewater. The solid waste and recycling program includes curbside collection of recyclables, organics, yard waste and garbage.

The Public Works department is responsible for the cleanliness, safety and maintenance of the Townships paved and unpaved roads, bridges and sidewalks.

#### *Roads & Related Services*

This includes the safety and maintenance of the Township's paved roads, sidewalks, street lights, trees, and traffic control devices.

#### *Planning & Drainage Services*

The Township creates plans for King's future. It manages urban development for business interests, environmental concerns, heritage matters, local neighborhoods through Township planning, community development, and parks planning.

#### *Parks & Facilities*

The Township provides public services that contribute to neighborhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs. It also hosts community special events throughout the year.

The Township maintains numerous recreation facilities, as well as indoor community space for booking and community use. It also maintains parks and playgrounds, open spaces and trail systems.

#### *Public Library Services*

The provision of library services contributes towards the information needs of the Township's citizens. The library also provides programs to local residents.

**The Corporation of the Town of King**  
**Consolidated Schedule of Segment Disclosure**  
**Year ended December 31**

	<b>Consolidated</b>		<b>Governance &amp; Corporate Support</b>		<b>Fire &amp; Emergency Services</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Revenues</b>						
Taxation	\$ 13,951,193	\$ 13,237,075	\$ -	\$ -	\$ -	\$ -
User charges	4,316,302	3,741,329	219,690	123,929	186,897	195,112
Grants	2,377,709	8,958,329	484,700	7,109,700	-	-
Others	5,526,893	5,691,250	1,164,390	1,065,016	-	-
	<u>26,172,097</u>	<u>31,627,983</u>	<u>1,868,780</u>	<u>8,298,645</u>	<u>186,897</u>	<u>195,112</u>
<b>Expenditures</b>						
Salaries, wages and benefits	9,670,828	9,396,135	1,873,344	1,739,241	1,441,897	1,368,274
Amortization	4,377,034	4,307,096	118,021	115,075	425,609	419,810
Materials and Supplies	5,558,843	5,683,305	1,163,051	1,091,498	678,778	734,153
Contracted Services	2,647,695	2,589,284	719,112	934,088	-	-
Interest on long term debt	953,744	746,630	44,628	60,303	-	-
	<u>23,208,144</u>	<u>22,722,450</u>	<u>3,918,156</u>	<u>3,940,205</u>	<u>2,546,284</u>	<u>2,522,237</u>
<b>Net revenues / (expenditures)</b>	<b>\$ <u>2,963,953</u></b>	<b>\$ <u>8,905,533</u></b>	<b>\$ <u>(2,049,376)</u></b>	<b>\$ <u>4,358,440</u></b>	<b>\$ <u>(2,359,387)</u></b>	<b>\$ <u>(2,327,125)</u></b>

**The Corporation of the Town of King**  
**Consolidated Schedule of Segment Disclosure**  
**Year ended December 31**

	<b>Bylaw &amp; Building Services</b>		<b>Environmental Services</b>		<b>Roads &amp; Related Services</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Revenues</b>						
Taxation	\$ -	\$ -	\$ 673,837	\$ 478,782	\$ -	\$ -
User charges	784,892	411,114	1,768,084	1,671,061	392,383	224,459
Grants	-	-	-	-	1,037,410	1,703,200
Others	73,527	89,961	3,238,138	3,791,763	221,844	31,548
	<u>858,419</u>	<u>501,075</u>	<u>5,680,059</u>	<u>5,941,606</u>	<u>1,651,637</u>	<u>1,959,207</u>
<b>Expenditures</b>						
Salaries, wages and benefits	788,229	769,831	407,654	398,762	1,660,186	1,640,806
Amortization	-	-	342,677	347,369	2,931,465	2,893,467
Materials and supplies	74,893	122,788	1,392,557	1,331,966	1,494,568	1,329,248
Contracted services	162,557	127,952	683,032	703,986	833,238	686,599
Interest on long term debt	-	-	616,684	680,717	337,671	-
	<u>1,025,679</u>	<u>1,020,571</u>	<u>3,442,604</u>	<u>3,462,800</u>	<u>7,257,128</u>	<u>6,550,120</u>
<b>Net revenues / (expenditures)</b>	<b>\$ (167,260)</b>	<b>\$ (519,496)</b>	<b>\$ 2,237,455</b>	<b>\$ 2,478,806</b>	<b>\$ (5,605,491)</b>	<b>\$ (4,590,913)</b>

**The Corporation of the Town of King**  
**Consolidated Schedule of Segment Disclosure**  
**Year ended December 31**

	<b>Planning &amp; Development, Drainage</b>		<b>Parks &amp; Facilities</b>		<b>Public Library Services</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Revenues</b>						
Taxation	\$ -	\$ -	\$ -	\$ -	\$ 1,083,910	\$ 1,060,370
User charges	145,496	180,931	1,799,077	1,770,253	41,818	29,966
Grants	-	-	795,520	71,451	60,079	73,978
Others	-	-	113,109	687,811	33,061	25,151
	<u>145,496</u>	<u>180,931</u>	<u>2,707,706</u>	<u>2,529,515</u>	<u>1,218,868</u>	<u>1,189,465</u>
<b>Expenditures</b>						
Salaries, wages and benefits	603,018	607,752	2,186,717	2,090,686	876,176	850,783
Amortization	-	-	392,275	372,301	166,987	159,074
Materials and supplies	16,934	209,540	1,384,616	1,413,857	209,088	245,751
Contracted services	207,294	70,751	42,462	62,554	-	3,354
Interest on long term debt	-	-	(45,239)	5,610	-	-
Others	-	-	1,083,910	1,060,370	-	-
	<u>827,246</u>	<u>888,043</u>	<u>5,044,741</u>	<u>5,005,378</u>	<u>1,252,251</u>	<u>1,258,962</u>
<b>Net revenues / (expenditures)</b>	<b>\$ (681,750)</b>	<b>\$ (707,112)</b>	<b>\$ (2,337,035)</b>	<b>\$ (2,475,863)</b>	<b>\$ (33,383)</b>	<b>\$ (69,497)</b>

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**The Corporation of the Town of King**  
**Consolidated Schedule of Segment Disclosure**  
**Year ended December 31**

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	<b>Tax Revenue</b>		<b>Eliminations</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Revenues</b>				
Taxation	\$ 13,277,356	\$ 12,758,293	\$ (1,083,910)	\$ (1,060,370)
User charges	-	-	(1,022,035)	(865,496)
Grants	-	-	-	-
Others	682,824	-	-	-
	<u>13,960,180</u>	<u>12,758,293</u>	<u>(2,105,945)</u>	<u>(1,925,866)</u>
<b>Expenditures</b>				
Salaries, wages and benefits	-	-	(166,393)	(70,000)
Amortization	-	-	-	-
Materials and supplies	-	-	(855,642)	(795,496)
Contracted services	-	-	-	-
Interest on long term debt	-	-	-	-
Others	-	-	(1,083,910)	(1,060,370)
	<u>-</u>	<u>-</u>	<u>(2,105,945)</u>	<u>(1,925,866)</u>
<b>Net revenues / (expenditures)</b>	<b>\$ <u>13,960,180</u></b>	<b>\$ <u>12,758,293</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>