



Consolidated Financial Statements

The Corporation of the Township of King

December 31, 2010

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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 King**

We have audited the accompanying consolidated financial statements of **The Corporation of the Township of King**, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations and accumulated surplus, cash flows and change in net debt 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 consolidated 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 consolidated financial position of The Corporation of the Township of King as at December 31, 2010, and its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Grant Thornton LLP

Markham, Canada
June 27, 2011

Chartered Accountants
Licensed Public Accountants

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

December 31

2010

2009

Financial assets

Cash	\$ 9,480,503	\$ 13,681,920
Taxes receivable	5,235,570	5,128,488
User charges receivable	562,063	474,334
Accounts receivable	<u>2,008,790</u>	<u>1,142,722</u>
	<u>17,286,926</u>	<u>20,427,464</u>

Liabilities

Accounts payable and accrued liabilities	11,513,531	10,884,716
Accrued interest on long term debt	1,226,793	144,069
Developer and other deposits	3,371,951	2,557,387
Deferred revenue - obligatory reserve funds (Note 4)	4,027,010	3,149,879
Employee future benefits and other liabilities (Note 5)	1,309,880	1,212,263
Solid waste landfill closure and post closure (Note 7)	1,615,188	1,552,577
Long term debt (Note 8)	<u>23,343,396</u>	<u>23,353,899</u>
	<u>46,407,749</u>	<u>42,854,790</u>

Net debt (Page 6)

(29,120,823) (22,427,326)

Non-financial assets

Prepaid expenses	71,732	46,671
Tangible capital assets (Note 10)	<u>141,537,762</u>	<u>134,065,085</u>
	<u>141,609,494</u>	<u>134,111,756</u>

Accumulated Surplus (Note 9)

\$ 112,488,671 \$ 111,684,430

Contingency (Note 12)
 Commitments (Note 13)

Approved by

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 2010 (Unaudited)	Actual 2010	Actual 2009
Revenues			
Property taxation	\$ 16,562,996	\$ 15,105,493	\$ 13,731,122
Taxation from other governments	215,000	218,725	220,071
User charges	8,426,962	5,689,517	5,092,302
Government grants	10,252,077	3,379,377	2,377,709
Contributions from developers	3,359,700	2,527,657	982,565
Investment income	35,000	47,455	115,370
Penalties and interest on taxes and water billings	635,000	743,366	716,696
Local area charges	5,812,713	1,897,282	3,126,453
Environmental services	73,300	76,978	77,814
Provincial offences administration	108,944	76,214	73,527
Lease revenue	120,000	132,709	113,108
Donations	500	26,000	67,712
Other	1,783,400	363,577	253,648
	<u>47,385,592</u>	<u>30,284,350</u>	<u>26,948,097</u>
Expenditures			
General government	4,489,985	4,239,161	3,880,112
Protection to persons and property	3,763,454	3,909,819	3,569,736
Transportation services	7,749,407	7,402,342	7,221,969
Environmental services	4,028,195	3,744,412	3,466,483
Recreational and cultural services	4,932,328	5,296,772	5,018,598
Planning and development	1,215,422	4,887,603	827,246
	<u>26,178,791</u>	<u>29,480,109</u>	<u>23,984,144</u>
Annual surplus	21,206,801	804,241	2,963,953
Accumulated surplus, beginning of year	<u>111,684,430</u>	<u>111,684,430</u>	<u>108,720,477</u>
Accumulated surplus, end of year	<u>\$ 132,891,231</u>	<u>\$ 112,488,671</u>	<u>\$ 111,684,430</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

2010

2009

Increase (decrease) in cash

Operating activities

Annual surplus	\$	804,241	\$	2,963,953
Amortization expense		4,535,523		4,377,034
(Gain) loss on sale of tangible capital assets		(22,056)		10,632
Contributed tangible capital assets		(5,757)		(424,440)
Changes in non-cash items				
Taxes receivable		(107,082)		(294,481)
User charges receivable		(87,729)		(23,249)
Accounts receivable		(866,068)		134,044
Prepaid expenses		(25,061)		29,542
Accounts payable and accrued liabilities		628,815		(27,645,840)
Accrued interest on long term debt		1,082,724		81,697
Developer and other deposits		814,564		356,805
Deferred revenue - obligatory reserve funds		877,131		1,976,112
Employee benefits and other liabilities		97,617		130,595
Solid waste landfill closure and post closure liability		62,611		63,037
Cash provided (used) by operating activities		<u>7,789,473</u>		<u>(18,264,559)</u>

Financing activities

Proceeds from debt issue		-		10,000,000
Interest on sinking funds		(10,503)		-
Principal repayment on long term debt		-		(1,709,687)
Cash (used) provided by financing activities		<u>(10,503)</u>		<u>8,290,313</u>

Investing activities

Purchase of tangible capital assets		(12,016,918)		(11,998,879)
Proceeds from sale of tangible capital assets		36,531		92,651
Cash used by investing activities		<u>(11,980,387)</u>		<u>(11,906,228)</u>

Net decrease in cash

(4,201,417) (21,880,474)

Cash, beginning of year

13,681,920 35,562,394

Cash, end of year

\$ **9,480,503** \$ 13,681,920

Supplementary information:

Interest paid	\$	<u>-</u>	\$	<u>872,047</u>
Interest received	\$	<u>35,766</u>	\$	<u>28,993</u>

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

2010

2009

Annual surplus	\$ <u>804,241</u>	\$ <u>2,963,953</u>
Acquisition of tangible capital assets	(12,016,918)	(11,998,879)
Contributed tangible capital assets	(5,757)	(424,440)
Amortization of tangible capital assets	4,535,523	4,377,034
Proceeds from sale of tangible capital assets	36,531	92,651
(Gain) loss on sale of tangible capital assets	<u>(22,056)</u>	<u>10,632</u>
	<u>(7,472,677)</u>	<u>(7,943,002)</u>
Change in prepaid expenses	<u>(25,061)</u>	<u>29,542</u>
Change in net debt	(6,693,497)	(4,949,507)
Net debt, beginning of year	<u>(22,427,326)</u>	<u>(17,477,819)</u>
Net debt, end of year	\$ <u>(29,120,823)</u>	\$ <u>(22,427,326)</u>

See accompanying notes to the consolidated financial statements.

The Corporation of the Township of King

Notes to the Consolidated Financial Statements

December 31, 2010

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.

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").

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 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.

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.

The Corporation of the Township of King

Notes to the Consolidated Financial Statements

December 31, 2010

1. Summary of significant accounting policies (continued)

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.

(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.

The Corporation of the Township of King

Notes to the Consolidated Financial Statements

December 31, 2010

1. Summary of significant accounting policies (continued)

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 in accordance with Canadian public sector accounting standards 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.

2. 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	\$ 24,186,509	\$ 21,643,268
Capital	<u>23,199,083</u>	<u>25,932,264</u>
Total Council approved budget	47,385,592	47,575,532
Less: Tangible capital assets capitalized	-	(25,932,264)
Add: Amortization expense	<u>-</u>	<u>4,535,523</u>
Adjusted budget per Consolidated Statement of Operations	<u>\$ 47,385,592</u>	<u>\$ 26,178,791</u>

The Corporation of the Township of King

Notes to the Consolidated Financial Statements

December 31, 2010

3. Operations of district school boards and the Region of York

During 2010, 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:

	District School Boards	Region of York
Property taxes	\$ 11,530,945	\$ 19,409,218
Taxation from other governments	<u>72,698</u>	<u>225,765</u>
Amounts requisitioned and remitted	<u>\$ 11,603,643</u>	<u>\$ 19,634,983</u>

4. 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>2010</u>	<u>2009</u>
Development charges	\$ 3,673,677	\$ 2,545,014
Parkland	<u>353,333</u>	<u>604,865</u>
	<u>\$ 4,027,010</u>	<u>\$ 3,149,879</u>

5. Employee future benefits and other liabilities

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>2010</u>	<u>2009</u>
Accrued post retirement non-pension benefits	\$ 340,717	\$ 302,304
Vested sick leave benefits	610,334	621,575
Vacation pay	<u>358,829</u>	<u>288,384</u>
	<u>\$ 1,309,880</u>	<u>\$ 1,212,263</u>

The Corporation of the Township of King

Notes to the Consolidated Financial Statements

December 31, 2010

5. Employee future benefits and other liabilities (continued)

The actuarially extrapolated results for each of the plans as at December 31, 2010 are as follows:

	Post Non-Pension <u>Benefits</u>	Vested Sick Leave <u>Benefits</u>	Total 2010	Total 2009
Accrued benefit liability, beginning of year	\$ 302,304	\$ 621,575	\$ 923,879	\$ 806,766
Current service cost	22,351	(38,084)	(15,733)	75,380
Interest cost	<u>16,062</u>	<u>26,843</u>	<u>42,905</u>	<u>41,733</u>
Accrued benefit liability, end of year	<u>\$ 340,717</u>	<u>\$ 610,334</u>	<u>\$ 951,051</u>	<u>\$ 923,879</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 2010.

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 over the 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.

6. 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 2010 ranged from 6.4% to 13.1% (2009 – 6.3% to 12.8%) depending on level of earnings. The 2010 operating expense for OMERS was \$512,569 (2009 - \$445,033).

The Corporation of the Township of King

Notes to the Consolidated Financial Statements

December 31, 2010

7. Solid waste landfill closure and post closure

The Township has one landfill that is closed and another that is expected to reach capacity in 2017. At December 31, 2008, the remaining capacity for waste in the active landfill is 12,924 m³ and this amount is reviewed every three years in conjunction with the valuation of the future liability. 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.

8. Long term debt

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

<u>By-law</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2010</u>	<u>2009</u>
98-105	Construction of sewage works in the Schomberg Industrial Subdivision	3.1% to 5.9%	2011	\$ 157,985	\$ 157,985
99-159	Purchase of lands and premises for municipal purposes	3.1% to 5.9%	2011	553,914	553,914
2005-41	Construction of a water delivery system in the community of Ansnorveldt	3.1% to 4.1%	2015	197,000	197,000
2006-106	Construction of sewage works in the community of King City	4.4% to 4.6%	2017	12,445,000	12,445,000
2008-76	Construction of roads and road Repairs in the Township	5.0%	2019	10,000,000	10,000,000
	Total value of accumulated sinking funds earned to retire the outstanding long-term debt			<u>(10,503)</u>	<u>-</u>
				\$ 23,343,396	\$ 23,353,899

The Corporation of the Township of King

Notes to the Consolidated Financial Statements

December 31, 2010

8. Long term debt (continued)

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

2011	\$ 4,217,639 **
2012	1,775,540
2013	1,776,540
2014	1,778,540
2015	1,779,540
Thereafter	<u>12,015,597</u>
	\$ <u>23,343,396</u>

** This amount is comprised of principal payments for 2010 and 2011. The 2010 payment of \$2.078 million was made in the first quarter of 2011 and payments in the amount of \$1.75 million have been made in regards to the 2011 principal that is owing.

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.

The Township anticipates future earnings of sinking funds of \$1,748,120 to retire the debt at the end of its term. Interest expense on long term debt in 2010 amounted to \$1,089,052 (2009 - \$919,917).

The Township is contingently liable for the tile drainage loans as at December 31, 2010 of \$42,140 (2009 - \$NIL). As the responsibility for payment of principal and interest charges for tile drainage loans have been assumed by individuals, it is not recorded on the consolidated statement of financial position.

The Corporation of the Township of King

Notes to the Consolidated Financial Statements

December 31, 2010

9. Accumulated surplus

Accumulated surplus is comprised of the following:

	<u>2010</u>	<u>2009</u>
Reserves set aside for specific purposes by Council		
Acquisition of capital assets	\$ 1,597,494	\$ 1,767,123
Recreation and culture programs and facilities	110,762	89,875
Working capital	1,832,625	1,832,625
Sick leave	397,226	397,226
Personnel matters	345,000	149,200
Planning matters	158,524	380,215
Heritage preservation	35,069	36,179
Environmental matters	570,000	690,000
Election expenditures	4,115	81,000
Current operations	682,047	610,378
King City sewer capital costs	20,133	20,133
Library capital expenditures	-	(4,043)
	<u>5,752,995</u>	<u>6,049,911</u>
Reserve funds set aside for specific purpose by Council		
Acquisition of capital assets	3,113,044	7,459,760
Gas Tax	327,604	-
Repayment of water and sewer debentures	(2,808,768)	(1,778,946)
Water system capital expenditures	1,866,851	1,842,822
	<u>2,498,731</u>	<u>7,523,636</u>
Total reserves and reserve funds	<u>8,251,726</u>	<u>13,573,547</u>
Surpluses		
Invested in tangible capital assets	141,537,762	134,065,085
Less: Lease Obligation Library	(25,038)	-
Less: amount financed by long term debt and Interest on long term debt	(23,343,396)	(23,353,899)
	(1,226,793)	(144,069)
General	(9,784,074)	(9,722,159)
Water	-	23,257
Library	3,552	7,508
Unfunded		
Employee benefits and post employment liabilities	(1,309,880)	(1,212,263)
Solid waste landfill and post-closure liabilities	(1,615,188)	(1,552,577)
Total surpluses	<u>104,236,945</u>	<u>98,110,883</u>
Accumulated surplus	\$ <u>112,488,671</u>	\$ <u>111,684,430</u>

The Corporation of the Township of King

Notes to the Consolidated Financial Statements

December 31, 2010

10. Tangible capital assets

Cost	Balance as at December 31, <u>2009</u>	Additions	Disposals/ Transfers	Balance as at December 31, <u>2010</u>
Land	\$ 21,178,459	\$ -	\$ -	\$ 21,178,459
Land improvements	4,611,077	177,136	(43,859)	4,744,354
Facilities	15,746,429	329,933	-	16,076,362
Vehicles	10,634,435	205,339	(23,314)	10,816,460
Machinery and equipment	1,349,939	142,175	(187,017)	1,305,097
Transportation infrastructure	98,144,017	254,064	-	98,398,081
Environmental infrastructure	<u>28,286,868</u>	-	-	<u>28,286,868</u>
	179,951,224	1,108,647	(254,190)	180,805,681
Assets under construction	<u>28,382,854</u>	<u>10,916,572</u>	<u>(5,362)</u>	<u>39,294,064</u>
	\$ <u>208,334,078</u>	\$ <u>12,025,219</u>	\$ <u>(259,552)</u>	\$ <u>220,099,745</u>

Accumulated amortization	Balance as at December 31, <u>2009</u>	Amortization	Disposals	Balance as at December 31, <u>2010</u>
Land improvements	\$ 2,452,882	\$ 168,686	\$ (43,859)	\$ 2,577,709
Facilities	7,580,532	337,181	-	7,917,713
Vehicles	4,896,858	675,513	(11,657)	5,560,714
Machinery and equipment	594,497	211,234	(187,017)	618,714
Transportation infrastructure	52,252,117	2,811,752	-	55,063,869
Environmental infrastructure	<u>6,492,107</u>	<u>331,157</u>	<u>-</u>	<u>6,823,264</u>
	\$ <u>74,268,993</u>	\$ <u>4,535,523</u>	\$ <u>(242,533)</u>	\$ <u>78,561,983</u>

Net book value	Balance as at December 31, <u>2009</u>	Balance as at December 31, <u>2010</u>
Land	\$ 21,178,459	\$ 21,178,459
Land improvements	2,158,195	2,166,645
Facilities	8,165,897	8,158,649
Vehicles	5,737,577	5,255,746
Machinery and equipment	755,442	686,383
Transportation infrastructure	45,891,900	43,334,212
Environmental infrastructure	<u>21,794,761</u>	<u>21,463,604</u>
	105,682,231	102,243,698
Assets under construction	<u>28,382,854</u>	<u>39,294,064</u>
	\$ <u>134,065,085</u>	\$ <u>141,537,762</u>

The Corporation of the Township of King

Notes to the Consolidated Financial Statements

December 31, 2010

10. Tangible capital assets (continued)

Cost	Balance as at December 31, <u>2008</u>		Disposals/ Transfers	Balance as at December 31, <u>2009</u>	
		<u>Additions</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>	
Accumulated amortization	Balance as at December 31, <u>2008</u>		<u>Disposals</u>	Balance as at December 31, <u>2009</u>	
		<u>Amortization</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>	

a) Assets under construction

Assets under construction and other capital work in progress having cost of \$39,294,064 (2009 - \$28,382,854) 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 \$5,757 (2009 - \$424,440).

The Corporation of the Township of King

Notes to the Consolidated Financial Statements

December 31, 2010

11. 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 \$28,655 (2009 - \$38,281).

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 \$302,127 (2009 - \$246,965).

12. Contingency – golf course

Subsequent to year end, the Township has been informed that three (3) commercial properties (golf courses) have been reassessed for the years 2001 to 2010, which will result in a reduction of taxes previously assessed and collected. The revised assessed values would result in a payable of approximately \$237,000 if the assessments were not subject to capping and clawback provisions. However, the actual payable is not determinable until the capping/clawback provisions have been applied by the Municipal Property Assessment Corporation regarding the actual calculation of the taxes to be refunded. Once the amount is determinable the payable to the applicable property owners will be accrued and the charge will be recorded in the period it was determinable.

There are two additional properties (golf courses) that are also under appeal, and it is anticipated that once they are reassessed, additional taxes will be repayable to the owners of these two additional properties.

13. Commitments

At December 31, 2010, the Township is committed to capital projects in respect of the Trisan Centre and King City Sewer projects which total approximately \$5.6 million. The funds are expected to be spent in the 2011 year.

14. 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.

The Corporation of the Township of King

Notes to the Consolidated Financial Statements

December 31, 2010

14. Segmented information (continued)

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.

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.

15. Comparative figures

Certain comparative figures have been reclassified to conform with the current year financial statement presentation.

The Corporation of the Township of King

Notes to the Consolidated Financial Statements

December 31, 2010

16. Subsequent event

On January 17, 2011, the Township of King passed By-law 2011-01, that approved \$22.5 million be acquired through debentures. On June 6, 2011, the Township signed the agreement to acquire \$22.5 million in debentures through the Region of York with Ontario Infrastructure and Lands Corporation. These debentures will fund the Nobleton Sanitary Sewer and Concurrent Works Project which has a total budgeted project cost of \$27.9 million. The debentures will be received over the period of 2011 to 2014, with the first payment of \$6 million expected in July 2011, which will fund the \$4.6 million in previously unfinanced project costs. The repayment period will be 10 - 15 years.

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

	Consolidated		Governance & Corporate Support		Fire & Emergency Services	
	2010	2009	2010	2009	2010	2009
Revenues						
Taxation	\$ 15,324,218	\$ 13,951,193	\$ -	\$ -	\$ -	\$ -
User charges	5,689,517	5,092,302	196,516	219,690	240,934	186,897
Grants	3,379,377	2,377,709	474,718	484,700	-	-
Others	5,891,238	5,526,893	2,053,176	1,164,390	-	-
	<u>30,284,350</u>	<u>26,948,097</u>	<u>2,724,410</u>	<u>1,868,780</u>	<u>240,934</u>	<u>186,897</u>
Expenditures						
Salaries, wages and benefits	10,724,010	9,670,828	2,234,541	1,873,344	1,552,581	1,441,897
Amortization	4,535,522	4,377,034	111,404	118,021	470,741	425,609
Materials and Supplies	6,492,751	6,368,670	1,297,443	1,160,761	663,362	678,778
Contracted Services	6,638,774	2,647,695	729,059	719,112	-	-
Interest on long term debt	1,089,052	919,917	32,411	46,948	-	-
	<u>29,480,109</u>	<u>23,984,144</u>	<u>4,404,858</u>	<u>3,918,186</u>	<u>2,686,684</u>	<u>2,546,284</u>
Net revenues / (expenditures)	<u>\$ 804,241</u>	<u>\$ 2,963,953</u>	<u>\$ (1,680,448)</u>	<u>\$ (2,049,376)</u>	<u>\$ (2,445,750)</u>	<u>\$ (2,359,387)</u>

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

	Bylaw & Building Services		Environmental Services		Roads & Related Services	
	2010	2009	2010	2009	2010	2009
Revenues						
Taxation	\$ -	\$ -	\$ 1,006,005	\$ 673,837	\$ -	\$ -
User charges	1,333,026	784,892	2,036,898	1,768,084	168,179	392,383
Grants	-	-	-	-	674,304	1,037,410
Others	76,214	73,527	2,594,857	3,238,138	-	221,844
	<u>1,409,240</u>	<u>858,419</u>	<u>5,637,760</u>	<u>5,680,059</u>	<u>842,483</u>	<u>1,651,637</u>
Expenditures						
Salaries, wages and benefits	879,065	788,229	464,181	407,654	1,900,685	1,660,186
Amortization	-	-	342,677	342,677	3,017,690	2,931,465
Materials and supplies	94,702	74,893	1,549,182	1,389,141	1,432,272	1,582,239
Contracted services	250,898	162,557	833,614	683,032	553,580	833,238
Interest on long term debt	-	-	556,641	620,100	500,000	250,000
	<u>1,224,665</u>	<u>1,025,679</u>	<u>3,746,295</u>	<u>3,442,604</u>	<u>7,404,227</u>	<u>7,257,128</u>
Net revenues / (expenditures)	\$ 184,575	\$ (167,260)	\$ 1,891,465	\$ 2,237,455	\$ (6,561,744)	\$ (5,605,491)

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

	Planning & Development, Drainage		Parks & Facilities		Public Library Services	
	2010	2009	2010	2009	2010	2009
Revenues						
Taxation	\$ -	\$ -	\$ -	\$ -	\$ 1,113,623	\$ 1,083,910
User charges	194,864	145,496	1,739,435	1,799,077	41,629	41,818
Grants	-	-	2,161,870	795,520	68,485	60,079
Others	-	-	437,296	113,109	23,926	33,061
	<u>194,864</u>	<u>145,496</u>	<u>4,338,601</u>	<u>2,707,706</u>	<u>1,247,663</u>	<u>1,218,868</u>
Expenditures						
Salaries, wages and benefits	647,758	603,018	2,324,628	2,186,717	885,571	876,176
Amortization	-	-	425,302	392,275	167,708	166,987
Materials and supplies	25,584	16,934	1,316,882	1,336,508	210,288	209,088
Contracted services	4,214,260	207,294	57,363	42,462	-	-
Interest on long term debt	-	-	-	2,869	-	-
Others	-	-	1,113,623	1,083,910	-	-
	<u>4,887,602</u>	<u>827,246</u>	<u>5,237,798</u>	<u>5,044,741</u>	<u>1,263,567</u>	<u>1,252,251</u>
Net revenues / (expenditures)	\$ (4,692,738)	\$ (681,750)	\$ (899,197)	\$ (2,337,035)	\$ (15,904)	\$ (33,383)

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

	Tax Revenue		Eliminations	
	2010	2009	2010	2009
Revenues				
Taxation	\$ 14,318,213	\$ 13,277,356	\$ (1,113,623)	\$ (1,083,910)
User charges	-	-	(261,964)	(246,035)
Grants	-	-	-	-
Others	705,769	682,824	-	-
	<u>15,023,982</u>	<u>13,960,180</u>	<u>(1,375,587)</u>	<u>(1,329,945)</u>
Expenditures				
Salaries, wages and benefits	-	-	(165,000)	(166,393)
Amortization	-	-	-	-
Materials and supplies	-	-	(96,964)	(79,672)
Contracted services	-	-	-	-
Interest on long term debt	-	-	-	-
Others	-	-	(1,113,623)	(1,083,910)
	<u>-</u>	<u>-</u>	<u>(1,375,587)</u>	<u>(1,329,975)</u>
Net revenues / (expenditures)	\$ 15,023,982	\$ 13,960,180	\$ -	\$ -