

**THE CORPORATION OF THE TOWN
OF KAPUSKASING
INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
DECEMBER 31, 2010**

THE CORPORATION OF THE TOWN OF KAPUSKASING
FINANCIAL STATEMENTS
DECEMBER 31, 2010

1 - 2	Independent Auditors' Report
3	Statement of Financial Position
4	Statement of Operations and Accumulated Surplus
5	Statement of Change in Net Debt
6	Statement of Cash Flows
7 - 19	Notes to Financial Statements
20	Schedule of Tangible Capital Assets
21 - 25	Schedule of Revenues
26 - 28	Schedule of Expenses

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
the Corporation of the Town of Kapuskasing

Report on the Financial Statements

We have audited the accompanying financial statements of the Corporation of the Town of Kapuskasing, which comprise the statement of financial position as at December 31, 2010, and the statements of operations and accumulated surplus, change in net debt 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 of our audit opinion.

Basis for Qualified Opinion

As explained in note 19 of the financial statements, the municipality has not provided for the estimated closure and post-closure costs of the municipal landfill site as required by public sector accounting standards. If the accrual as estimated by the latest engineering study had been recorded, the annual surplus would have decreased by \$ 59,235 and the accumulated surplus at the end of the year would have decreased by \$ 556,235.

Qualified Opinion

In our opinion, except for the item explained in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Kapuskasing as at December 31, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Collin Barrow

Chartered Accountants
Licensed Public Accountants

April 8, 2011

THE CORPORATION OF THE TOWN OF KAPUSKASING

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

	2010	2009
FINANCIAL ASSETS		
Cash and temporary investments (note 5)	\$ 4,586,648	\$ 2,021,621
Taxes receivable (note 6)	563,912	532,855
Trade and other receivables (note 7)	4,666,642	7,952,662
Long-term receivable (note 20)	198,937	304,631
	<u>10,016,139</u>	<u>10,811,769</u>
LIABILITIES		
Bank indebtedness/short-term borrowing	1,979,597	2,769,902
Accounts payable and accrued liabilities	4,111,811	7,263,329
Post-employment benefits payable (note 9)	12,846	19,842
Deferred revenues/obligatory reserve funds (note 10)	1,270,531	2,220,841
Net long-term liabilities (note 11)	8,743,236	3,602,652
	<u>16,118,021</u>	<u>15,876,566</u>
NET DEBT	(6,101,882)	(5,064,797)
NON-FINANCIAL ASSETS		
Tangible capital assets - net (note 13)	61,362,419	52,594,449
Inventories of supplies	113,231	104,070
Prepaid expenses	9,314	85,038
	<u>61,484,964</u>	<u>52,783,557</u>
ACCUMULATED SURPLUS (note 14)	\$ 55,383,082	\$ 47,718,760
Contingencies - note 20 and 21		
Commitments - note 22		

The accompanying notes are an integral part of this financial statement.

**THE CORPORATION OF THE TOWN OF KAPUSKASING
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

YEAR ENDED DECEMBER 31, 2010

	2010 Actual	2009 Actual
REVENUES		
Residential taxation	\$ 5,194,731	\$ 5,200,501
Commercial and business taxation	3,709,090	3,773,148
Payments in lieu of taxation	203,420	190,798
Ontario Municipal Partnership Fund	4,583,400	4,584,800
Provincial offences	79,632	80,502
User fees and service charges (page 21)	4,780,850	4,836,356
Interest and penalties (page 21)	132,230	143,214
Province of Ontario grants (page 22 and 23)	11,098,172	7,922,954
Government of Canada grants (page 24)	3,503,973	398,628
Other revenues (page 25)	523,350	654,697
EXPENSES		
General government (page 26)	1,757,664	1,758,086
Protection to persons and property (page 26)	3,490,313	3,152,036
Transportation services (page 27)	4,394,917	5,210,758
Environmental services (page 27)	3,739,697	4,462,145
Health services (page 27)	430,366	432,390
Social and family services (page 28)	2,104,100	2,085,878
Recreation and cultural services (page 28)	2,428,376	2,527,192
Planning and development (page 28)	438,215	492,791
ANNUAL SURPLUS	15,025,200	7,664,322
ACCUMULATED SURPLUS, BEGINNING OF YEAR	47,718,760	38,948,352
ACCUMULATED SURPLUS, END OF YEAR	\$ 62,743,960	\$ 55,383,082

The accompanying notes are an integral part of this financial statement.

THE CORPORATION OF THE TOWN OF KAPUSKASING

STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED DECEMBER 31, 2010

	2010	2009
ANNUAL SURPLUS	\$ 7,664,322	\$ 8,770,408
Amortization of tangible capital assets	1,871,322	1,497,482
Change in inventories and prepaid expenses	66,563	(163,336)
Acquisition of tangible capital assets	(10,639,292)	(13,886,898)
INCREASE IN NET DEBT	(1,037,085)	(3,782,344)
NET DEBT, BEGINNING OF YEAR	(5,064,797)	(1,282,453)
NET DEBT, END OF YEAR	\$ (6,101,882)	\$ (5,064,797)

The accompanying notes are an integral part of this financial statement.

THE CORPORATION OF THE TOWN OF KAPUSKASING

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2010

	2010	2009
OPERATING ACTIVITIES		
Annual surplus	\$ 7,664,322	\$ 8,770,408
Non-cash charges to operations	1,871,322	1,497,482
Amortization		
Changes in:		
Taxes receivable	(31,057)	(51,741)
Trade and other receivables	3,286,020	(2,554,926)
Inventories of supplies	(9,161)	(104,070)
Prepaid expenses	75,724	(59,266)
Account payable and accrued liabilities	(3,151,518)	5,121,438
Post-employment benefits payable	(6,996)	(6,996)
Deferred revenue/obligatory reserve funds	(950,310)	(7,430,814)
	8,748,346	5,181,515
FINANCING ACTIVITIES		
Principal payments on long-term debt	(365,495)	(329,151)
Proceeds from long-term debt	5,506,079	2,124,000
Repayments received from non-consolidated entities	105,694	100,262
on long-term receivables		
	5,246,278	1,895,111
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(10,639,292)	(13,886,898)
INCREASE (DECREASE) IN CASH POSITION	3,355,332	(6,810,272)
CASH POSITION, BEGINNING OF YEAR	(748,281)	6,061,991
CASH POSITION, END OF YEAR	\$ 2,607,051	\$ (748,281)
COMPRISED OF:		
Cash and temporary investments	\$ 4,586,648	\$ 2,021,621
Bank indebtedness/short-term borrowing	(1,979,597)	(2,769,902)
	2,607,051	(748,281)

The accompanying notes are an integral part of this financial statement.

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Municipality are the representation of management and they have been prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

BASIS OF ACCOUNTING

(i) BASIS OF CONSOLIDATION

These financial statements reflect the assets, liabilities, revenues, expenses, reserve funds and reserves of the municipality and include the activities of all committees of Council and the following boards municipal enterprises and utilities which are under the control of Council:

Museum Board
Planning Board

All interfund assets and liabilities and sources of financing and expenses have been eliminated.

(ii) NON-CONSOLIDATED ENTITIES

The following local boards, joint local boards and municipal enterprises are not consolidated:

Public Library Board
Downtown Business Improvement Area Board
Municipal Non-Profit Housing Corporation
Cochrane District Social Services Administration Board
Porcupine Health Unit
North Centennial Manor Inc.
Kapuskasung - Moonbeam Landfill Site Management Board
Cochrane-Timiskaming Waste Management Board
Kapuskasung Economic Development Corporation

(iii) 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 the municipal fund balances of these financial statements.

(iv) TRUST FUNDS

The Cemetery Care and Maintenance Fund trust funds administered by the municipality are not consolidated but are outlined in note 4 to the financial statements.

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xi) RESERVES AND RESERVE FUNDS

Certain amounts, as approved by 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 recorded as an adjustment to the respective fund when approved.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

2. OPERATIONS OF SCHOOL BOARDS

Further to note 1(iii) the taxation, other revenues and expenses relating to the school boards are comprised of the following:

	Public	Separate	Total
Revenues raised and transferred to boards	\$ 967,312	\$ 1,140,333	\$ 2,107,645
Regular tax levy	23,971	25,077	49,048
Supplementary tax levy	(46,024)	(48,097)	(94,121)
Write-offs and adjustments			
	\$ 945,259	\$ 1,117,313	\$ 2,062,572

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

3. CONTRIBUTIONS TO UNCONSOLIDATED ENTITIES

Further to note 1(ii), the following contributions were made by the municipality to these entities:

	2010	2009
Public Library Board	\$ 144,000	\$ 145,000
Downtown Business Improvement Area Board	27,723	25,550
Kapuskasings Golden Age Club	31,133	31,632
Cochrane District Social Services Administration Board	1,607,685	1,970,052
Porcupine Health Unit	249,900	237,557
North Centennial Manor Inc. (includes \$ 175,000 for capital project)	447,060	447,187
Kapuskasings - Moonbeam Landfill Site Management Board	186,281	205,438
Cochrane-Timiskaming Waste Management Board	81,960	82,000
Kapuskasings Economic Development Corporation	175,000	243,240
	\$ 2,950,742	\$ 3,387,656

4. TRUST FUNDS

Trust funds administered by the Municipality have not been included on the Statement of Financial Position nor have the operations been included in the Statement of Operating and Accumulated Surplus. The year-end balances of these trust funds are as follows:

	2010	2009
Cemetery Care and Maintenance Fund	\$ 352,239	\$ 332,588

5. CASH AND TEMPORARY INVESTMENTS

	2010	2009
Cash and cash equivalents	\$ 2,576,091	\$ 11,147
Flexible GIC, interest of 0.7% receivable on maturity, 1 year term, matures June 27, 2011	10,557	10,474
Non redeemable GIC, interest of 1.5% receivable on maturity, 1 year term, matures August 31, 2011	2,000,000	2,000,000
	\$ 4,586,648	\$ 2,021,621

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

6. TAXES RECEIVABLE

	2010	2009
Current year	\$ 270,776	\$ 273,598
Prior years	120,317	138,113
Penalties and interest	18,765	21,489
Due on property under registration	154,054	99,655
	\$ 563,912	\$ 532,855

7. TRADE AND OTHER RECEIVABLES

	2010	2009
Government of Canada	\$ 1,103,543	\$ 3,714,250
Province of Ontario	2,161,414	2,969,496
Other	1,401,685	1,268,916
	\$ 4,666,642	\$ 7,952,662

8. BANK INDEBTEDNESS

The municipality has an authorized line of credit of \$ 4,000,000 bearing interest at prime.

In December 2010, the municipality was issued a Banker's Acceptance of \$ 1,991,111 less a discount of \$ 6,850 and stamping fees of \$ 4,664 with a net amount repayable in 90 days of \$ 1,979,597.

9. POST-EMPLOYMENT BENEFITS PAYABLE

PENSION PLANS

The Town of Kapuskasing makes contributions to the Ontario Municipal Employees' Retirement System plan ("OMERS"), a multi-employer pension plan, on behalf of most of its employees. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit. Employer contributions during the year amounted to \$ 275,018 (2009 - \$ 266,698) and are matched by employee contributions in a similar amount. Employer contributions are included as an expense on the Statement of Operations and Accumulated Surplus.

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

10. DEFERRED REVENUE/OBLIGATORY RESERVE FUNDS

Revenues received that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Statement of Financial Position. These revenues may only be used in the conduct of certain programs or in the completion of specific work.

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants, is the obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation and other agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded.

The balance in the deferred revenues and the obligatory reserve funds of the Town of Kapuskasing are summarized below.

	2010	2009
DEFERRED REVENUE		
Venture Centre	\$ 5,000	\$ 5,000
Trail Improvement	3,500	3,500
Licences	1,793	320
Water Tower	-	318,148
Connecting Link	102,689	102,689
Drinking Water Distribution System	-	1,151,654
OPG Extracting Equipment	5,000	-
457 Stevens Road	-	3,000
Kap Jag	-	10,000
Asphalt	2,250	2,250
Other	2,892	-
	<u>123,124</u>	<u>1,596,561</u>
OBLIGATORY RESERVE FUNDS		
Gas Tax Fund	1,124,296	600,343
DARE program	8,071	8,897
MTO - Transit Bus	15,040	15,040
	<u>1,147,407</u>	<u>624,280</u>
	\$ 1,270,531	\$ 2,220,841

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

11. NET LONG-TERM LIABILITIES

2010	2009
\$ -	\$ 100,833
4.54 % loan paid during the year	
2.64 % debenture payable in blended semi-annual instalments of \$ 20,559, secured by a Capital Expenditure Borrowing By-Law	
943,661	959,552
6.00 % loan payable in blended monthly instalments of \$ 636, secured by a General Security Agreement	
4,972	12,070
2.05 % loan paid during the year	
-	3,245
5.24 % loan payable in blended monthly instalments of \$ 4,079, secured by a Capital Expenditure Borrowing By-Law	
100,042	142,526
5.24 % loan payable in blended monthly instalments of \$ 7,413, secured by a Capital Expenditure Borrowing By-Law	
1,043,835	1,077,140
4.75 % loan payable in blended monthly instalments of \$ 2,513, secured by a Capital Expenditure Borrowing By-Law	
90,666	115,868
4.80 % loan payable in blended monthly instalments of \$ 5,769, secured by a Capital Expenditure Borrowing By-Law	
859,527	886,787
3.59 % debenture payable in blended semi-annual instalments of \$ 174,618, secured by a Capital Expenditure Borrowing By-Law	
1,998,334	-
3.79 % debenture payable in blended semi-annual instalments of \$ 131,504, ending in 2021, secured by a Capital Expenditure Borrowing By-Law	
2,172,234	-
4.28 % debenture payable in blended semi-annual instalments of \$ 6,895, ending in 2026, secured by a Capital Expenditure Borrowing By-Law	
151,500	-
2.83 % debenture payable in blended semi-annual instalments of \$ 142,009, ending in 2016, secured by a Capital Expenditure Borrowing By-Law	
1,157,108	-

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

12. NET LONG-TERM LIABILITIES (CONT'D)

0% loan payable in monthly principal instalments of \$ 747, secured by vehicle	22,419	-
Long-term liabilities issued for municipal purposes	8,544,298	3,298,021
Long-term liability incurred to advance funds to unconsolidated entities (note 21)	198,938	304,631
	\$ 8,743,236	\$ 3,602,652

Principal payments required on this debt during the next 5 years are as follows:

2011	\$ 596,812
2012	807,093
2013	699,742
2014	688,733
2015	705,269
2016 and subsequent years	5,245,587
	\$ 8,743,236

The long term liabilities above issued in the name of the municipality 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 Ministry of Municipal Affairs.

12. CHARGES FOR LONG-TERM DEBT

During the year, the municipality paid the following long-term debt charges

	2010	2009
Principal payments	\$ 365,495	\$ 329,151
Recoveries from non-consolidated entity (note 21)	(105,693)	(100,262)
Interest	137,514	93,194
	\$ 397,316	\$ 322,083

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

13. TANGIBLE CAPITAL ASSETS

	2010	2009
Land	\$ 297,527	\$ 297,527
Buildings	23,384,551	23,297,089
Vehicles, machinery and equipment	7,275,516	7,357,962
Street lights and hydrants	414,927	432,564
Roads	11,917,010	10,288,355
Water system	7,806,728	2,532,447
Sewer system	3,969,821	4,115,475
Assets under construction	6,296,339	4,273,030
	<u>\$ 61,362,419</u>	<u>\$ 52,594,449</u>

For additional information, see the Schedule of Tangible Capital Assets (Schedule 1, page 20)

During the year there were write-downs or dispositions of assets totalling \$ 38,060 which is included in amortization (2009 - \$ 19,809) and no interest capitalized (2009 - Nil).

The distribution by segment is as follows:

	2010	2009
General government	\$ 781,902	\$ 649,491
Protection to persons and property	2,099,773	2,150,962
Transportation services	13,955,206	12,167,451
Environmental services	35,697,933	28,527,094
Health services	31,104	119,730
Recreation and cultural services	4,049,663	4,095,558
Planning and development	4,746,838	4,884,163
	<u>\$ 61,362,419</u>	<u>\$ 52,594,449</u>

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

14. ACCUMULATED SURPLUS

The accumulated surplus consists of the following:

	2010	2009
Museum	\$ 3,387	\$ 3,110
Sewage	42,682	-
Water system	875,731	-
Pool	2,419	2,419
Post employment benefits	12,846	19,842
Handicap bus	21,098	7,658
Manor levy	20,862	20,862
Economic development office	440,276	365,276
Tennis	2,978	2,978
ATM	8,213	6,064
Reserve funds set aside for specific purpose by legislation, regulation or agreement	1,430,492	428,209
PUC sale	3,004,653	2,861,147
Invested in capital assets	4,435,145	3,289,356
Tangible capital assets - net book value	61,362,419	52,594,449
Long-term debt related to tangible capital assets	(8,544,298)	(3,298,021)
Short-term borrowing related to tangible capital assets	(1,979,597)	-
Unfinanced capital	(532,632)	(3,771,759)
Operating Surplus (Deficit)	642,045	(1,095,265)
Accumulated Surplus	\$ 55,383,082	\$ 47,718,760

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

19. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The municipality owns the municipal landfill site and together with the Township of Moonbeam, manages and operates it. The costs of the site are shared (on a usage basis) approximately as follows in 2010:

Town of Kapuskasing	43 %
Township of Moonbeam	9 %
Spruce Falls Inc.	48 %

The public services accounting board requires that landfill operators accrue for the future costs of landfill closure and post-closure on an annual basis. The annual charge should be calculated by dividing the estimated cost by the estimated life of the landfill (volumetric capacity or years of service) and charging that amount to operations.

The latest engineering study provided the following estimates:

Town of Kapuskasing	Total		
Share 43 %			
Required 2010 charge to operations	\$ 137,755	\$ 59,235	
Accrued cost to date	\$ 1,293,570	\$ 556,235	

The total estimated capacity of the landfill site is 490,000 tonnes. Cumulative tonnes to date amount to 305,000. The expected remaining life of the landfill site is 7-9 years.

The Landfill Site Management Board had net assets (prior to provision of this cost) of \$ 993,720 as of December 31, 2010. Neither the provision for the costs or the net assets have been reflected in these financial statements.

Additionally, the Town of Kapuskasing is contingently liable for 100 % of the costs if the other participants fail to contribute their share.

20. CONTINGENCY

Long-Term Debt on Behalf of Other Boards

In 2007 the municipality borrowed \$ 523,000 on behalf of the Cochrane Temiskaming Waste Management Board (\$ 346,000) and the Kapuskasing-Moonbeam Landfill Site Management Board (\$ 177,000) to assist with capital expenditures.

The 5.29 % loan is payable in monthly instalments of \$ 9,939 ending September 30, 2012. Amounts are received from the two boards to make the payments, however, should the boards be unable to meet the required payments, the municipality remains liable for the entire amount of the borrowing which amounts to \$ 198,937 at December 31, 2010 (2009 - \$ 304,631). The loan is secured by a Capital Expenditure Borrowing By-Law.

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

21. OTHER CONTINGENCIES

The Municipality is involved in a number of claims and possible claims which are the result of normal on-going operations. Management feels that these claims are either without merit or will be covered by insurance. No provision has been made in these financial statements to reflect any of these claims. Any settlements which may arise will be reflected in the financial statements in the year the amount is determined.

22. COMMITMENTS

- a) The municipality has committed to provide a total of 8 annual contributions of \$ 175,000 towards the North Centennial Manor Inc. Capital Project. As at December 31, 2010, there are 3 remaining annual contributions. These contributions will be funded by special tax levies during that same period.
- b) The municipality has committed to provide a total of 15 annual contributions of \$ 14,133 to the Timmins and District Hospital medical clinic project. As at December 31, 2010, there are 11 remaining annual contributions.

23. FINANCIAL INSTRUMENTS

The municipality's financial instruments consists of cash and temporary investments, taxes and other accounts receivable, prepaid expenses, accounts payable and accrued liabilities, post-employment benefits payable, deferred revenue and long-term debt. Unless otherwise noted, it is management's opinion that the municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximated their carrying values, unless otherwise noted.

	Street Lights Hydrants	Roads	Water System	Sewer System	Assets		Total 2010	Total 2009
					Under Construction			
1,271,919	\$ 17,755,478	\$ 5,368,052	\$ 8,379,883	\$ 4,273,030	\$ 78,209,721	\$ 64,754,962		
-	1,933,769	1,181,262	-	6,296,339	10,639,292	13,886,898		
-	-	-	(926)	-	(109,655)	(432,139)		
-	-	4,273,030	-	(4,273,030)	-	-		
<u>1,271,919</u>	<u>19,689,247</u>	<u>10,822,344</u>	<u>8,378,957</u>	<u>6,296,339</u>	<u>88,739,358</u>	<u>78,209,721</u>		
839,355	7,467,123	2,835,605	4,264,408	-	25,615,272	24,549,929		
17,637	305,114	180,011	145,654	-	1,833,262	1,477,673		
856,992	7,772,237	3,015,616	4,409,136	(926)	27,376,939	25,615,272		
<u>414,927</u>	<u>\$ 11,917,010</u>	<u>\$ 7,806,728</u>	<u>\$ 3,969,821</u>	<u>\$ 6,296,339</u>	<u>\$ 61,362,419</u>	<u>\$ 52,594,449</u>		

THE CORPORATION OF THE TOWN OF KAPUSKASING

SCHEDULE OF REVENUES

YEAR ENDED DECEMBER 31, 2010

	Budget (Unaudited)	2010 Actual	2009 Actual
USER FEES AND SERVICE CHARGES	\$ 1,085,540	\$ 1,087,630	\$ 953,564
Sewage system user fees	690,000	659,310	632,412
Water system user fees	2,056,500	2,169,455	1,778,290
Transit - disabled and special needs	20,000	18,021	19,898
Protection inspection and control	27,425	20,063	26,954
Management and overhead charges	46,500	53,559	102,764
Parking	88,000	78,920	85,462
Recreation facilities	291,000	287,606	293,565
Fire and emergency calls	3,000	2,779	4,200
Other fees	5,300	5,820	4,730
Cemetery plots and burials	72,800	91,499	61,535
Planning board	3,500	5,415	2,645
Airport fees and fuel sales	209,500	205,325	73,577
Snow plow agreement	11,285	11,170	10,902
Building inspection	17,000	25,404	16,717
Community development events	153,500	114,380	-
TOTAL	\$ 4,780,850	\$ 4,836,356	\$ 4,067,215
INTEREST AND PENALTIES	\$ 102,000	\$ 109,285	\$ 91,177
Taxes	11,000	11,830	21,661
Water	7,230	7,549	13,508
Cemetery care and maintenance fund	2,000	1,219	20,326
Bank account	10,000	13,331	17,670
Other	-	-	-
TOTAL	\$ 132,230	\$ 143,214	\$ 164,342

THE CORPORATION OF THE TOWN OF KAPUSKASING

SCHEDULE OF REVENUES

YEAR ENDED DECEMBER 31, 2010

	Budget	2010	2009
	(Unaudited)	Actual	Actual
PROVINCE OF ONTARIO GRANTS			
GENERAL GOVERNMENT			
Ministry of Municipal Affairs and Housing	\$ 1,160,614	\$ 1,160,614	-
Northern Ontario Heritage Fund	-	-	188,543
PROTECTIVE SERVICES			
Ride program	7,000	9,940	7,740
MNR Bear wise	10,000	-	10,299
	17,000	9,940	18,039
TRANSPORTATION SERVICES			
Dedicated gas tax funds	45,000	61,436	44,826
Local Road Board	6,000	8,500	-
Infrastructure stimulus fund	1,230,704	1,230,704	2,535,963
MTO - Connecting link	1,620,000	339,300	1,977,721
Northern Ontario Heritage Fund	820,000	-	-
Ministry of Transportation	-	-	192,763
Investing in Ontario Act	-	-	809,617
	3,721,704	1,639,940	5,560,890
ENVIRONMENTAL SERVICES			
Municipal Infrastructure Investment Initiative	1,151,654	1,151,654	4,174,837
Ministry of the Environment	4,792,915	3,776,925	216,417
Ontario Small Town and Rural Development	-	-	113,293
Northern Ontario Heritage Fund	-	-	56,363
	5,944,569	4,928,579	4,560,910

THE CORPORATION OF THE TOWN OF KAPUSKASING

SCHEDULE OF REVENUES

YEAR ENDED DECEMBER 31, 2010

	Budget	Actual	Actual
	(Unaudited)	2010	2009
			Actual
PROVINCE OF ONTARIO GRANTS (CONT'D)			
SOCIAL AND FAMILY SERVICES	\$ 32,000	\$ 37,250	\$ 32,829
Golden Age Centre			
RECREATION AND CULTURAL SERVICES	18,000	23,585	20,314
Norpop			
Summer student	2,000	2,162	3,778
North Claybelt - Energy Audits	55,000	5,000	-
PLANNING AND DEVELOPMENT	10,260	10,260	22,944
Asset management			
Planning and zoning	3,400	3,461	8,461
E.D.O. Fednor	133,625	102,163	-
	147,285	115,884	31,405
TOTAL	\$ 11,098,172	\$ 7,922,954	\$ 10,416,708

THE CORPORATION OF THE TOWN OF KAPUSKASING

SCHEDULE OF REVENUES

YEAR ENDED DECEMBER 31, 2010

	Budget 2010	Actual 2010	Actual 2009
GOVERNMENT OF CANADA GRANTS			
GENERAL GOVERNMENT			
FEDNOR	\$ -	\$ -	\$ 133,178
TRANSPORTATION SERVICES			
Gas tax fund	200,000	-	-
ACAP - Air Terminal Building Apron	2,914,648	38,245	-
	3,114,648	38,245	-
ENVIRONMENTAL SERVICES			
Rural infrastructure investment initiative	318,149	318,148	2,377,970
Municipal rural infrastructure fund	61,376	31,376	1,188,985
	379,525	349,524	3,566,955
RECREATION AND CULTURAL SERVICES			
Challenge program	3,500	4,515	5,002
Federal museum association	6,300	6,344	6,344
	9,800	10,859	11,346
TOTAL	\$ 3,503,973	\$ 3,98,628	\$ 3,711,479

THE CORPORATION OF THE TOWN OF KAPUSKASING

SCHEDULE OF REVENUES

YEAR ENDED DECEMBER 31, 2010

	Budget (Unaudited)	2010 Actual	2009 Actual
OTHER REVENUES			
LICENCES AND PERMITS			
General licences	7,200	6,441	7,187
Dog licences	4,100	4,292	4,036
Marriage licences	6,000	4,772	5,772
Transient traders licences	1,800	1,024	1,778
Lottery licences	27,500	31,918	26,305
Home occupancy licences	23,000	22,825	22,502
Building permits	70,000	50,018	47,192
Other permits	2,000	1,976	1,821
Energy audits	10,000	12,565	15,456
	<u>151,600</u>	<u>135,831</u>	<u>132,049</u>
RENTALS			
Civic centre	23,000	55,638	27,247
Recreation facilities	29,200	16,699	28,804
Rental properties	52,800	52,800	22,000
	<u>105,000</u>	<u>125,137</u>	<u>78,051</u>
MISCELLANEOUS			
Investment income	101,000	18,636	49,256
Miscellaneous	33,000	41,371	52,169
Utilities rebate	36,250	255,954	11,077
Donations and fundraising	12,500	11,421	141,390
Rebate of landfill tipping fees	84,000	66,347	35,792
Sale of property and equipment	-	-	3,458
	<u>266,750</u>	<u>393,729</u>	<u>293,142</u>
TOTAL	\$ 523,350	\$ 654,697	\$ 503,242

THE CORPORATION OF THE TOWN OF KAPUSKASING

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2010

	Budget	2010	2009
	(Unaudited)	Actual	Actual
GENERAL GOVERNMENT			
Governance	\$ 128,785	\$ 126,892	\$ 119,287
Corporate management	1,311,961	1,280,035	1,218,393
Program support	316,918	334,706	300,116
Amortization	-	16,453	9,674
	<u>1,757,664</u>	<u>1,758,086</u>	<u>1,647,470</u>
PROTECTION TO PERSONS AND PROPERTY			
FIRE PROTECTION			
Fire force	1,253,085	1,155,381	1,059,111
911 centre	17,340	18,462	21,686
Amortization	-	78,091	56,378
	<u>1,270,425</u>	<u>1,251,934</u>	<u>1,137,175</u>
POLICE			
Community services	7,000	9,709	8,362
Police service board	4,445	3,934	4,283
Contracted services	1,974,102	1,683,556	1,435,133
	<u>1,985,547</u>	<u>1,697,199</u>	<u>1,447,778</u>
OTHER PROTECTION			
Building inspection	109,269	96,742	121,125
Animal control	61,360	47,136	55,486
By-law enforcement	8,574	6,471	6,188
Crossing guards	55,138	52,554	51,907
	<u>234,341</u>	<u>202,903</u>	<u>234,706</u>
TOTAL PROTECTION TO PERSONS AND PROPERTY	<u>3,490,313</u>	<u>3,152,036</u>	<u>2,819,659</u>

THE CORPORATION OF THE TOWN OF KAPUSKASING

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2010

	Budget (Unaudited)	Actual 2010	Actual 2009
TRANSPORTATION SERVICES	\$ 981,657	\$ 1,443,576	\$ 3,984,233
Road maintenance - paved	-	-	-
Road maintenance - gravel	210,447	380,657	212,458
Bridges and culverts	114,913	100,155	84,343
Traffic operations and roadside	44,879	60,305	25,679
Winter control	620,225	512,299	452,225
Winter control - sidewalks	9,033	4,940	3,694
Parking	93,367	82,002	86,528
Street and ornamental lighting	258,638	278,286	239,409
Air transportation	718,796	669,958	603,659
Administration and general costs	1,237,222	1,089,038	1,164,303
Transit - disabled and special needs	105,740	109,269	107,797
Amortization	-	480,273	381,154
ENVIRONMENTAL SERVICES	4,394,917	5,210,758	7,345,482
Sanitary sewers - collection and conveyance	711,375	686,971	667,479
Sanitary sewers - treatment and disposal	559,213	632,095	543,398
Storm sewers	235,641	241,740	219,321
Water treatment	813,139	660,865	807,323
Water distribution and transmission	838,235	640,611	672,352
Garbage collection	321,389	343,934	315,482
Garbage disposal	170,657	195,829	220,988
Recycling	90,048	90,203	85,189
Amortization	-	969,897	732,528
HEALTH SERVICES	3,739,697	4,462,145	4,264,060
Porcupine Health Unit	249,900	249,900	237,557
Hospitals	67,902	67,899	78,497
Cemeteries	112,564	101,474	97,901
Amortization	-	13,117	13,117
	430,366	432,390	427,072

THE CORPORATION OF THE TOWN OF KAPUSKASING

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2010

	Budget (Unaudited)	2010 Actual	2009 Actual
SOCIAL AND FAMILY SERVICES			
District Social Services Administration Board	\$ 1,626,040	\$ 1,607,685	\$ 1,970,052
North Centennial Manor Inc.	447,060	447,060	447,187
Golden Age Centre	31,000	31,133	33,032
	<u>2,104,100</u>	<u>2,085,878</u>	<u>2,450,271</u>
RECREATION AND CULTURAL SERVICES			
Parks and playgrounds	119,152	102,872	88,813
Recreation programs	864,767	869,592	288,500
Recreation facilities	1,242,937	1,171,651	1,161,825
Library	148,689	147,689	148,721
Museum	52,831	59,313	52,491
Amortization	-	176,075	167,217
	<u>2,428,376</u>	<u>2,527,192</u>	<u>1,907,567</u>
PLANNING AND DEVELOPMENT			
Planning and zoning	37,954	37,300	32,462
Commercial development	340,574	276,978	465,026
Rental building and other	59,687	41,067	2,270,347
Amortization	-	137,416	137,414
	<u>438,215</u>	<u>492,791</u>	<u>2,905,249</u>
TOTAL EXPENSES	\$ 18,783,648	\$ 20,121,276	\$ 23,766,830