

AUDITOR'S REPORT

To the Members of Council,
Inhabitants and Ratepayers of the
Township of Baldwin

We have audited the consolidated statement of financial position of the Township of Baldwin as at December 31, 2010, and the consolidated statements of operations, changes in net financial assets, and cash flows for the year then ended. These financial statements are the responsibility of the Municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Township of Baldwin as at December 31, 2010, and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting principles.

Dennis Thompson, CA, Professional Corporation, Authorized to practise public
accounting by The Institute of Chartered Accountants of Ontario.

Thessalon, Ontario
June 16, 2011

TOWNSHIP OF BALDWIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
ASSETS		
FINANCIAL ASSETS		
Cash and short-term investments (note 3)	\$ 291,852	\$ 134,486
Taxes receivable	61,742	72,352
Accounts receivable	178,671	251,191
Other financial assets	<u> </u>	<u>3,180</u>
TOTAL ASSETS	<u>\$ 532,265</u>	<u>\$ 461,209</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 51,751	\$ 48,103
Deferred revenue - general	513	
Deferred revenue - obligatory reserve funds (note 4)	89,095	54,977
Solid waste landfill closure and post-closure costs (note 5)	<u>124,480</u>	<u>134,462</u>
Total	<u>265,839</u>	<u>237,542</u>
NET FINANCIAL ASSETS	266,426	223,667
NON FINANCIAL ASSETS		
Tangible capital assets (note 6)	<u>2,347,687</u>	<u>2,142,717</u>
Total Non Financial Assets	<u>2,347,687</u>	<u>2,142,717</u>
ACCUMULATED SURPLUS (Note 7)	<u>\$ 2,614,113</u>	<u>\$ 2,366,384</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BALDWIN
CONSOLIDATED STATEMENT OF OPERATIONS

DECEMBER 31, 2010

	<u>Budget</u>	<u>2010</u>	<u>2009</u>
REVENUES			
Taxation	\$ 534,000	\$ 542,936	\$ 504,211
Government transfers			
Provincial	698,211	744,976	708,494
Federal	34,988	1,077	855
Fees and service charges	5,610	2,697	8,768
Licenses, permits and rent	4,700	10,046	9,244
Fines, penalties and interest on taxes	9,000	13,996	20,221
Other			500
Total Revenues	<u>1,286,509</u>	<u>1,315,728</u>	<u>1,252,293</u>
EXPENDITURES			
General government	203,308	197,898	158,242
Protection to persons and property	267,549	294,706	268,470
Transportation services	177,600	213,691	267,614
Environment services	167,470	193,571	(41,847)
Health services	68,846	70,709	61,071
Social and family services	33,616	29,687	40,592
Social housing	18,437	18,734	18,217
Recreation and cultural services	33,940	39,526	46,074
Planning and development	<u>14,900</u>	<u>9,477</u>	<u>5,350</u>
Total Expenditures	<u>985,666</u>	<u>1,067,999</u>	<u>823,783</u>
ANNUAL SURPLUS	<u>300,843</u>	<u>247,729</u>	<u>428,510</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>2,366,384</u>	<u>2,366,384</u>	<u>1,937,874</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 2,667,227</u>	<u>\$ 2,614,113</u>	<u>\$ 2,366,384</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BALDWIN
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
ANNUAL SURPLUS	\$ 247,729	\$ 428,510
Acquisition of tangible capital assets	(354,471)	(434,925)
Amortization of tangible capital assets	149,501	146,534
CHANGE IN NET FINANCIAL ASSETS	42,759	140,119
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>223,667</u>	<u>83,548</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 266,426</u>	<u>\$ 223,667</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BALDWIN
CONSOLIDATED STATEMENT OF CASH FLOWS
DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
CASH PROVIDED BY (USED IN):		
Operating Activities:		
Annual surplus	\$ 247,729	\$ 428,510
Items Not Involving Cash:		
Amortization	149,501	146,534
Change in solid waste landfill closure and post-closure liabilities	(9,982)	(103,481)
Change in non-cash assets and liabilities		
Accounts receivable	83,130	(207,177)
Accounts payable and accruals	3,648	1,347
Deferred revenue	34,631	39,739
Other financial assets	<u>3,180</u>	<u>(3,180)</u>
Net change in cash from operating activities	<u>511,837</u>	<u>302,292</u>
CAPITAL ACTIVITIES		
Cash used to acquire tangible capital assets	<u>(354,471)</u>	<u>(434,925)</u>
Net change in cash from tangible capital assets	<u>(354,471)</u>	<u>(434,925)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	157,366	(132,633)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>134,486</u>	<u>267,119</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 291,852</u>	<u>\$ 134,486</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BALDWIN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

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

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Township of Baldwin are prepared by management 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. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) REPORTING ENTITY

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality. For the Township of Baldwin, there are no entities consolidated.

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of loans or advances between reserve funds and any other fund of the municipality and the resulting interest income and expenditures.

Under PSAB standards, the Municipality reports only its share of assets, liabilities and results of operations of any government partnerships in which it participates. The Township of Baldwin does not participate in any government partnerships.

(b) BASIS OF ACCOUNTING

(i) Government Transfers:

Government transfers are recognized in the financial statements as revenues in the period 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 amounts can be made.

(ii) Accrual Basis of Accounting:

The municipality follows the accrual basis of accounting for revenues and expenditures. Revenues are normally recognized in the year in which they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

TOWNSHIP OF BALDWIN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) BASIS OF ACCOUNTING

(iii) 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 amounts will be recognized as revenues in the fiscal year the services are performed.

Unexpended funds of \$ 89,095 (2009 - \$ 54,977) received by the municipality under the Federal Gas Tax Revenue Transfer and the Planning Act are reported as deferred revenue and will be recognized as revenue in the fiscal year in which the eligible expenditures are incurred.

(iv) Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, landfill closure and post-closure liability and employee future benefits. In addition, the Municipality's implementation of the Public Sector Accounting Handbook Section 3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from these estimates.

(v) Landfill Liability:

The liability for closure of operational sites and post-closure care has been recognized based on estimated future expenses, estimated inflation and the usage of the site's capacity during the year.

(vi) Comparative figures

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

(c) TANGIBLE CAPITAL ASSETS

(i) Amortization Policy:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development, or betterment of the asset. The cost, less residual value of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives as follows:

Buildings - 50 to 70 years

Land improvements - 25 to 50 years

Machinery and equipment - 7 to 20 years

Vehicles - 7 to 30 years

Roads and street lighting infrastructure - 20 years

TOWNSHIP OF BALDWIN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) BASIS OF ACCOUNTING

(i) Amortization Policy:

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of Tangible Capital Assets:

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt and are also recorded as revenue.

(iii) Works of Art and Cultural and Historic Assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

2. OPERATIONS OF SCHOOL BOARDS

During 2010, requisitions were made by the School Boards requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	<u>2010</u>	<u>2009</u>
Property taxes	\$ 109,377	\$ 107,328
Taxation from other governments	<u>766</u>	<u>709</u>
Amount requisitioned and received	<u>\$ 110,143</u>	<u>\$ 108,037</u>

3. CASH AND INVESTMENTS

Total cash and short term investments of \$ 291,852 (2009 - \$ 134,486) are reported on the consolidated statement of financial position at cost and have a market value of \$ 291,852 (2009 - \$ 134,486).

4. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as 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 Municipality are summarized below:

	<u>2010</u>	<u>2009</u>
Parkland	\$ 5,489	\$ 5,489
Federal Gas Tax revenues	<u>83,606</u>	<u>49,488</u>
Total	<u>\$ 89,095</u>	<u>\$ 54,977</u>

TOWNSHIP OF BALDWIN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

5. LANDFILL CLOSURE AND POST-CLOSURE CARE LIABILITY

The liability for site restoration and abandonment of the landfill site is based on the Municipality's estimate of future cash flows associated with closure costs. In 2007 the site was closed. The change in the liability is recorded based on new estimates of closure costs. The recorded liability of \$ 124,480 (2009- \$ 134,462) is based on a discounted total estimated outflow in the future of \$138,040.

6. TANGIBLE CAPITAL ASSETS

	Balance at December 31			Balance at December 31
COST	<u>2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>2010</u>
Land	\$ 52,653	\$ 9,974		\$ 62,627
Land improvements	32,083			32,083
Buildings	441,266	228,108		669,374
Equipment and machinery	170,165			170,165
Vehicles	380,926			380,926
Roads infrastructure	2,086,212	116,389	(106,397)	2,096,204
Street lighting	<u>10,050</u>			<u>10,050</u>
Total	<u>3,173,355</u>	<u>354,471</u>	<u>(106,397)</u>	<u>3,421,429</u>
ACCUMULATED AMORTIZATION		<u>Disposals</u>	<u>Amortization</u>	
Land improvements	1,890		1,092	2,982
Buildings	144,225		11,329	155,554
Equipment and machinery	76,267		11,059	87,326
Vehicles	70,341		20,971	91,312
Roads and bridges infrastructure	728,106	(106,397)	104,809	726,518
Street lighting	<u>9,809</u>		<u>241</u>	<u>10,050</u>
Total	<u>1,030,638</u>	<u>(106,397)</u>	<u>149,501</u>	<u>1,073,742</u>
NET BOOK VALUE				
Land	52,653			62,627
Land improvements	30,193			29,101
Buildings	297,041			513,820
Equipment and machinery	93,898			82,839
Vehicles	310,585			289,614
Roads and bridges infrastructure	1,358,106			2,086,154
Street lighting	<u>241</u>			<u>241</u>
Total	<u>\$ 2,142,717</u>			<u>\$ 2,347,687</u>

TOWNSHIP OF BALDWIN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

7. ACCUMULATED SURPLUS

The accumulated surplus is comprised of the following:

	<u>2010</u>	<u>2009</u>
Reserves set aside for specific purposes by Council		
Cash flow reserves	\$ <u>43,962</u>	\$ <u>43,962</u>
Total Reserves	<u>43,962</u>	<u>43,962</u>
Reserve funds set aside for specific purposes by Council		
Contingencies and stabilization	13,193	13,197
Reserve funds for capital purposes	<u>132,824</u>	<u>215,824</u>
Total Reserve Funds	<u>146,017</u>	<u>229,021</u>
Total Reserves and Reserve Funds	<u>189,979</u>	<u>272,983</u>
Invested in tangible capital assets	2,347,687	2,142,717
Operating surplus	200,927	85,146
Unfinanced landfill liability	(103,259)	(63,341)
Landfill liability to be financed from reserves	<u>(21,221)</u>	<u>(71,121)</u>
Accumulated surplus	<u>\$ 2,614,113</u>	<u>\$ 2,366,384</u>

8. PUBLIC SECTOR SALARY DISCLOSURE ACT

For 2010, no employees were paid salaries, as defined in the Public Sector Salary Disclosure Act, 1996 of \$100,000 or more.

9. BUDGET

The Financial Plan (Budget) By-Law adopted by Council on March 8, 2010 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accrual Standards require a full accrual basis. The budget figures anticipated use of reserves and/or surpluses accumulated in previous years to increase current year expenditures in excess of revenues to \$85,145. In addition the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented on the statement of operations include the following adjustments:

Financial Plan (Budget) Bylaw surplus for the year	\$ (85,145)
Add:	
Capital expenditures	406,500
Less:	
Net inter-fund transfers from reserves	<u>(20,512)</u>
Budget surplus per statement of operations	<u>\$ 300,843</u>

TOWNSHIP OF BALDWIN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

10. SEGMENTED INFORMATION

The municipality is a diversified local government institution that provides a wide range of services to its citizens. For management reporting purposes, municipal operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

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

GENERAL GOVERNMENT

The administration department oversees the delivery of all government services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of council.

PROTECTION

Protection is comprised of the police, fire/emergency, by-law enforcement and building inspections departments. The mandate of the police department is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The fire/emergency department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. The by-law enforcement and building inspection department ensures properties are in compliance with applicable legislation, by-laws, building standards and construction codes.

TRANSPORTATION

The transportation department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, winter control and street lighting.

ENVIRONMENTAL

The environmental department includes solid waste disposal. The department provides garbage collection and waste minimization programs and facilities for solid waste disposal.

HEALTH

Through the Sudbury and District Health Unit, the municipality contributes to public health services and education and through the Algoma District Services Administration Board, to ambulance services.

SOCIAL AND FAMILY

Through the Manitoulin-Sudbury District Services Administration Board, the municipality contributes to social assistance payments, child care services and social housing.

TOWNSHIP OF BALDWIN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

10. SEGMENTED INFORMATION (continued)

RECREATION AND CULTURAL

The recreation and cultural department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as parks, rinks facilities, fitness and sports programs. It provides public services that contribute to healthy communities through partnerships, promotion, prevention, protection and enforcement. The department also contributes towards the information needs of the municipality's citizens through the provision of library services.

PLANNING

The planning department provides a diverse bundle of services. It manages development for business, interests, environmental concerns, heritage matters and neighbourhoods through planning and community development activities. It facilitates economic development by providing services for the approval of all land development plans.

For each reported segment, revenues and expenses include both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies. For additional information see Schedule 1 - Consolidated Schedule of Segment Disclosure.

