

**CORPORATION OF THE
TOWN OF COLLINGWOOD**

COUNTY OF SIMCOE

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2001

CORPORATION OF THE TOWN OF COLLINGWOOD

DECEMBER 31, 2001

CONTENTS

Auditors' Report

Consolidated Balance Sheet

Consolidated Statement of Operations

Consolidated Statement of Cash Flow

Notes to the Consolidated Financial Statements

Schedule 1 - Consolidated Schedule of Current Fund Operations

Schedule 2 - Consolidated Schedule of Capital Fund Operations

Schedule 3 - Consolidated Schedule of Reserve and Reserve Fund Operations

Schedule 4 - Consolidated Schedule of Current Fund Expenditures by Object

GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

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

We have audited the consolidated balance sheet of **Corporation of the Town of Collingwood** as at December 31, 200, and the consolidated statements of operations and cash flows the year then ended. These financial statements are the responsibility of municipality's management. 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 plan and perform an audit to obtain reasonable assurance whether financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the municipality as at December 31, 200 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gaviller & Company LLP

Chartered Accountants
Collingwood, Ontario
February 21, 2002

CORPORATION OF THE TOWN OF COLLINGWOOD

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

	2001 \$	2000 \$
FINANCIAL ASSETS		
Cash (Note 2)	4,744,812	2,692,392
Taxes receivable (Note 3)	2,886,273	2,000,997
Accounts receivable - current	2,446,519	2,647,549
Other assets	137,935	173,523
Note receivable - Hydro companies (Note 7)	1,709,868	1,709,868
Investment in government business enterprises - Hydro companies (Note 7)	7,746,960	7,673,959
Investment in government business enterprise - Public Utilities Commission (Note 8)	10,087,907	10,206,708
	29,760,274	27,104,996
LIABILITIES		
Accounts payable and accruals	2,287,534	1,894,943
Developer deposits	354,193	351,358
Deferred revenue - obligatory reserve funds (Note 4)	1,338,710	1,034,364
Long term (Note 5)	9,960,000	10,858,000
	13,940,437	14,138,665
NET FINANCIAL ASSETS	15,819,837	12,966,331
MUNICIPAL POSITION		
Current fund (Schedule 1)	482,502	857
Capital fund (Schedule 2)	-	143,273
Reserves (Schedule 3)	6,712,614	5,040,937
Reserve funds (Schedule 3)	100,973	100,973
Equity in government business enterprises - Hydro companies (Note 7)	7,746,960	7,673,959
Equity in government business enterprises - Public Utilities Commission (Note 8)	10,087,907	10,206,708
Total fund balances	25,130,956	23,166,707
Amounts to be recovered from future revenues	(9,311,119)	(10,200,376)
TOTAL MUNICIPAL POSITION	15,819,837	12,966,331

APPROVED _____ Mayor

_____ Date

CORPORATION OF THE TOWN OF COLLINGWOOD

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31

	2001	2000
	\$	\$
REVENUES		
Property taxation	13,726,895	11,167,564
Payments in lieu of taxation	311,215	226,012
User charges	4,017,785	3,421,591
Government grants	75,736	680,703
Grants from other municipalities	953,928	497,822
Contributions from developers	55,000	402,561
Investment income	201,065	260,233
Penalties and interest on taxes	257,060	301,102
Sale of land	765,214	1,355,351
Other	1,015,815	1,566,763
	21,379,713	19,879,702
EXPENDITURES		
Current		
General government	2,728,682	1,807,396
Protection to persons and property	4,269,163	4,093,574
Transportation services	3,749,381	2,132,270
Environmental services	2,800,626	2,629,854
Recreational and cultural services	3,092,677	3,863,275
Planning and development	821,799	736,373
	17,462,328	15,262,742
Capital		
General government	134,261	95,901
Protection to persons and property	310,252	60,603
Transportation services	231,541	1,185,791
Environmental services	102,698	23,691
Recreational and cultural services	193,238	590,808
Planning and development	46,091	20,088
	1,018,081	1,976,882
	18,480,409	17,239,624
NET REVENUES	2,899,304	2,640,078
Income (loss) on an equity basis from government business enterprises - Hydro companies (Note 7)	73,001	(905,325)
Income (loss) on an equity basis from government business enterprise - Public Utilities Commission (Note 8)	(118,801)	459,720
Principal repayment of long term liabilities	(898,000)	(831,000)
Accrual of interest and sick leave	8,745	(45,773)
CHANGE IN FUND BALANCES	1,964,249	1,317,700

See accompanying notes to the financial statements

CORPORATION OF THE TOWN OF COLLINGWOOD

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31

	2001	2000
	\$	\$
CASH FLOWS FROM (FOR):		
OPERATING ACTIVITIES		
Net revenues (expenditures)	2,899,304	2,640,078
Changes in:		
Taxes receivable	(885,276)	882,921
Accounts receivable - current	201,030	(414,881)
Other assets	35,588	27,845
Accounts payable and accruals	392,593	(1,197,121)
Developer deposits	2,835	(2,081)
Deferred revenue - obligatory reserve funds	304,346	53,231
Net change in cash from operations	<u>2,950,420</u>	<u>1,989,992</u>
 FINANCING ACTIVITIES		
Long term liabilities repaid	<u>(898,000)</u>	<u>(831,000)</u>
 NET CHANGE IN CASH POSITION	2,052,420	1,158,992
Cash and cash equivalents, beginning of year	<u>2,692,392</u>	1,533,400
Cash and cash equivalents, end of year	<u><u>4,744,812</u></u>	<u><u>2,692,392</u></u>
 Comprised of:		
Cash	<u><u>4,744,812</u></u>	<u><u>2,692,392</u></u>

See accompanying notes to the financial statements

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2001

1. ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of Town of Collingwood are the representation of management prepared in accordance with local government accounting standards established by the Sector Accounting Board of the Canadian Institute of Chartered Accountants.

The following are the municipality's significant accounting policies:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and cash fund balances and cash position of the reporting entity which comprises all funds of the following organizations which are accountable to council for the administration of their financial affairs and resources and are owned or controlled by the Corporation of the Town of Collingwood:

- Corporation of the Town of Collingwood Museum Board
- Corporation of the Town of Collingwood Public Library Board
- Corporation of the Town of Collingwood Business Improvement Area

In addition, the consolidated financial statements include the operations of COLLUS Energy Solutions Corp., COLLUS Power Corp., Collingwood Utility Services Corp. and Corporation of the Town of Collingwood Public Utilities Commission Water Department, as disclosed in Notes 7 and 8. These business enterprises are accounted for using the modified equity method. Under this method, the business enterprises' accounting principles are not adjusted to conform with those of the municipality, and inter-organizational transactions are not eliminated.

Excluded are Funds Held in Trust which are administered by the municipality and reported on separately.

Interdepartmental transactions and balances have been eliminated.

b) Fund Accounting

The consolidated financial statements are presented on a fund accounting basis and include the following funds:

i) Current Fund

The current fund reflects the financial activities associated with the provision of general municipal utility services during the year.

ii) Capital Fund

The capital fund reflects the financial activities associated with the acquisition, construction and funding of capital assets.

iii) Reserve Fund

The reserve fund reflects appropriations of surplus authorized by council to be set aside for the funding of future operating or capital expenditures.

c) Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which the 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.

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2001

1. ACCOUNTING POLICIES (continued)

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles for municipal governments and accounting principles generally accepted in Canada requires management to make estimate assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent and liabilities at the date of the financial statements, and the reported amounts of revenue expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

e) Capital Expenditures

The historical cost and accumulated depreciation for capital assets are not recorded for municipal purposes. Capital assets acquired with current funds are reported as an expenditure on the Consolidated Schedule of Capital Fund Operations. Capital assets financed by way of long term liabilities are included in "Amounts to be recovered from future revenues" on the consolidated balance sheet.

2. CASH

Cash includes a sinking fund in the amount of \$1,000,000. This amount is held in a guaranteed investment certificate earning interest at a rate of 1.8%. This cash is restricted in use and can only be used to repayment of long term liabilities.

3. TAXES RECEIVABLE

Commercial tax billings were not issued until December 2001, resulting in increased accounts receivable balances compared to the prior year.

4. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

Deferred revenue represents funds received for various capital projects from land developers, pursuant to development agreements, payments in lieu of parklands or the Development Charges Act. These funds must be expended on projects for which they may be designated, and are recognized as revenue when expenditures are made.

Current transactions are summarized below:

	2001	2000
	\$	\$
Balance, beginning of year	1,034,364	981,133
New deposits:		
Private sources	390,979	404,201
Current fund transfers	(55,000)	(402,561)
Investment income	49,763	51,591
Other transfers	(81,396)	-
Balance, end of year	<u>1,338,710</u>	<u>1,034,364</u>

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2001

5. LONG TERM

a) Long term liabilities payable by and issued in the name of the Corporation of Town of Collingwood includes the following amounts:

	2001 \$ Tax Supported	2000 \$ Tax Supported
Debentures	9,960,000	10,858,000

b) Long term liabilities are repayable as follows:

	\$ Tax Supported
2002	1,548,000
2003	505,000
2004	539,000
2005	571,000
2006	431,000
Thereafter	6,366,000
	9,960,000

c) Interest is payable at rates ranging from 4.25% to 17.50% per annum.

d) Interest charges:

	2001 \$ Tax Supported	2000 \$ Tax Supported
Debenture interest	756,206	832,846

6. EDUCATION AND COUNTY REQUISITIONS

The municipality is required to collect taxes for education and county purposes. The amount of requisitions is determined solely by the Government of Ontario. A portion of supplementary tax collected above the requisitioned amounts becomes payable to the appropriate body in the year assessed. Recipients the school boards and county are responsible for repaying the municipality for a portion of assessment tribunal losses. Requisitions and collections are as follows:

	Education		County	
	2001 \$	2000 \$	2001 \$	2000 \$
Total taxes and payments in lieu levied and transferred	8,758,349	9,060,919	4,510,531	4,395,558

7. GOVERNMENT BUSINESS ENTERPRISES - HYDRO COMPANIES

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2001

The operations of various hydro companies are included in the Collingwood Utility Services Consolidated Statement of Operations, accounted for on a modified equity basis.

	2001	2000
	\$	\$
Total assets	17,326,797	14,150,017
Total liabilities	(9,579,837)	(6,476,058)
Net assets	<u>7,746,960</u>	<u>7,673,959</u>
Common shares	5,101,640	5,101,640
Contributed capital	2,966,014	2,928,013
Accumulated (loss) earnings	(320,694)	(355,694)
Investment in government business enterprises	<u>7,746,960</u>	<u>7,673,959</u>
Total revenues	23,590,659	20,329,689
Total expenditures	(23,555,659)	(20,525,056)
Net expenditures for the year	35,000	(195,367)
Change in accounting policy	-	(198,605)
Increase in equity accumulated through capital contributions	38,001	308,842
Capital contributed to water department	-	(820,195)
Change in fund balance	<u>73,001</u>	<u>(905,325)</u>

The 2000 balances represent the consolidation of Collingwood Utility Services Corp., COLLUS Energy Corp., COLLUS Solutions Corp. and COLLUS Power Corp. for the two months ended December 31, 2000 and Collingwood Public Utilities Commission Electric Department (the "Commission") for the ten months ended October 31, 2000.

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2001

8. GOVERNMENT BUSINESS ENTERPRISE - PUBLIC UTILITIES COMMISSION

The operations of the Town of Collingwood Public Utilities Commission are included in the Consolidated Statement of Operations, accounted for on a modified equity basis.

	2001	2000
	\$	\$
Total assets	21,562,137	23,848,277
Total liabilities	<u>(11,474,230)</u>	<u>(13,641,569)</u>
Net assets	<u>10,087,907</u>	10,206,708
Contributed surplus	820,195	820,195
Accumulated earnings	<u>9,267,712</u>	<u>9,386,513</u>
Investment in government business enterprise	<u>10,087,907</u>	10,206,708
Total revenues	3,630,056	2,947,382
Total expenditures	<u>(3,916,180)</u>	<u>(3,346,732)</u>
Net expenditures for the year	(286,124)	(399,350)
Change in accounting policy	-	(131,582)
Net allocation from reserve fund	167,323	170,457
Contributed capital from electric department	<u>-</u>	<u>820,195</u>
Change in fund balance	<u>(118,801)</u>	<u>459,720</u>

9. FINANCIAL INSTRUMENTS AND FAIR VALUES

The fair value of the receivables, accounts payable and accruals, and long term liabilities approximates the carrying amount of these instruments due to their short period to maturity. It is management's opinion that the municipality is not exposed to significant interest, currency nor credit risks arising from these financial instruments.

10. COMMITMENTS AND CONTINGENT LIABILITIES AND ASSETS

- a) In the ordinary course of business, various claims and lawsuits are brought against the municipality. A provision has been made for pending expropriations of land beyond the payments already made to affected property owners. Any payment made by the municipality pursuant to expropriation settlement is charged to the year of settlement.
- b) A Supreme Court of Canada decision of October 1998 in Ontario stated that application of certain one-time penalties charged for late payments (calculated daily exceeded 60 percent per year) breached the Criminal Code. The municipality has collected similar utility late payment charges; however, the applicability, and the municipality's potential financial obligation is unknown and indeterminable at this time.
- c) The Town's landfill site was taken over by the County of Simcoe and, as compensation, the County will accept Town waste at a below market value rate of \$60 per tonne, that will be adjusted for inflation annually. Based on maximum tonnes to be accepted by the County this reduced rate is estimated until 2035.

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2001

11. TRUST FUNDS

Trust funds administered by the municipality amount to \$2,315 (2000 - \$4,473) have not been included in the consolidated balance sheet nor have their operations been included in the consolidated statement of operations. The trust funds are comprised of the following:

	2001	2000
	\$	\$
Ontario Home Renewal Program	1,715	3,873
Cultural Trusts	600	600

12. EMPLOYEE FUTURE BENEFITS

The employees of the Corporation of the Town of Collingwood participate in the Ontario Municipal Employees Retirement Savings Plan ("OMERS"). Although the plan has a defined retirement benefit for employee related obligation of the Corporation cannot be identified. The OMERS plan has several other participating municipalities and costs are not specifically attributed to each participant. Current participants in the OMERS plan have a contribution holiday and no amounts were paid during the year.

CORPORATION OF THE TOWN OF COLLINGWOOD

SCHEDULE 1 CONSOLIDATED SCHEDULE OF CURRENT FUND OPERATIONS FOR THE YEAR ENDED DECEMBER 31

	Budget 2001 \$ (unaudited)	Actual 2001 \$	Actual 2000 \$
Revenues			
Property taxation	13,256,396	13,726,895	11,167,564
Payments in lieu of taxation	383,375	311,215	226,012
User charges	3,840,587	4,017,785	3,421,591
Government grants	118,048	75,736	680,703
Grants from other municipalities	1,120,600	953,928	497,822
Contributions from developers	-	55,000	402,561
Investment income	205,819	201,065	260,233
Penalties and interest on taxes	290,000	257,060	301,102
Sale of land	-	765,214	1,355,351
Other	1,123,094	893,086	773,266
	20,337,919	21,256,984	19,086,205
Expenditures			
General government	2,535,382	2,714,736	1,634,141
Protection to persons and property	4,444,289	4,269,163	4,093,574
Transportation services	3,965,583	3,749,381	2,132,270
Environmental services	2,901,393	2,800,626	2,629,854
Parks and recreation	3,118,352	3,092,677	3,863,275
Planning and development	923,014	821,799	736,373
	17,888,013	17,448,382	15,089,487
Net Revenues	2,449,906	3,808,602	3,996,718
Financing and transfers			
Principal repayments of long term liabilities	(898,000)	(898,000)	(831,000)
Accrual of interest and sick leave	-	8,745	(45,773)
Capital fund transfers	(886,350)	(857,270)	(1,716,128)
Reserve and reserve fund transfers	(730,020)	(1,580,432)	(1,603,664)
	(2,514,370)	(3,326,957)	(4,196,565)
Change in Current Fund Balance	(64,464)	481,645	(199,847)
Opening Current Fund Balance	857	857	200,704
Closing Current Fund Balance	(63,607)	482,502	857

See accompanying notes to the financial statements

CORPORATION OF THE TOWN OF COLLINGWOOD

SCHEDULE 2 CONSOLIDATED SCHEDULE OF CAPITAL FUND OPERATIONS FOR THE YEAR ENDED DECEMBER 31

	Budget	Actual	Actual
	2001	2001	2000
	\$	\$	\$
	(unaudited)		
Revenues			
Other	-	17,538	785,063
Expenditures			
General government	127,000	134,261	95,901
Protection to persons and property	133,500	310,252	60,603
Transportation services	278,000	231,541	1,185,791
Environmental services	101,000	102,698	23,691
Recreational and cultural services	192,800	193,238	590,808
Planning and development	54,050	46,091	20,088
	<u>886,350</u>	<u>1,018,081</u>	<u>1,976,882</u>
Net Expenditures	<u>(886,350)</u>	<u>(1,000,543)</u>	<u>(1,191,819)</u>
Financing and transfers			
Reserve and reserve fund transfers	-	-	302,822
Current fund transfers	-	857,270	1,716,128
Net financing and transfers	-	<u>857,270</u>	<u>2,018,950</u>
Change in Capital Fund Balance	(886,350)	(143,273)	827,131
Opening Capital Fund Balance	<u>143,273</u>	<u>143,273</u>	<u>(683,858)</u>
Closing Capital Fund Balance	<u>(743,077)</u>	<u>-</u>	<u>143,273</u>

See accompanying notes to the financial statements

CORPORATION OF THE TOWN OF COLLINGWOOD

SCHEDULE 3 CONSOLIDATED SCHEDULE OF RESERVE AND RESERVE FUND OPERATIONS FOR THE YEAR ENDED DECEMBER 31

	Budget	Actual	Actual
	2001	2001	2000
	\$	\$	\$
	(unaudited)		
Revenues			
Proceeds from transfer of hydro utility (Note 7)	-	-	1,709,868
Other	-	105,191	8,434
	-	105,191	1,718,302
Expenditures			
Other	-	13,946	173,255
Net Revenues	-	91,245	1,545,047
Financing and transfers			
Current fund transfers	730,020	1,580,432	1,603,664
Capital fund transfers	-	-	(302,822)
Total net transfers	730,020	1,580,432	1,300,842
Change in Reserve and Reserve Fund Balance	730,020	1,671,677	2,845,889
Opening Reserve and Reserve Fund Balance	5,141,910	5,141,910	2,296,021
Closing Reserve and Reserve Fund Balance	5,871,930	6,813,587	5,141,910

See accompanying notes to the financial statements

CORPORATION OF THE TOWN OF COLLINGWOOD

SCHEDULE 4 CONSOLIDATED SCHEDULE OF CURRENT FUND EXPENDITURES BY OBJECT FOR THE YEAR ENDED DECEMBER 31

	2001	2000
	\$	\$
Salaries, wages and employee benefits	5,398,104	5,009,689
Interest on long term liabilities	756,206	832,846
Transfers to external organizations	1,211,133	99,215
Materials, contracted services, rents and financial expenses	<u>10,082,939</u>	<u>9,147,737</u>
	<u>17,448,382</u>	<u>15,089,487</u>

See accompanying notes to the financial statements