

**CORPORATION OF THE
TOWN OF COLLINGWOOD**

COUNTY OF SIMCOE

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2010

CORPORATION OF THE TOWN OF COLLINGWOOD

DECEMBER 31, 2010

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the **Town of Collingwood**:

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of the **Town of Collingwood**, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the municipality's preparation and fair presentation of the consolidated 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 municipality'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 consolidated 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 financial position of the **Town of Collingwood** as at December 31, 2010, 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

Licensed Public Accountants
Collingwood, Ontario
October 3, 2011

CORPORATION OF THE TOWN OF COLLINGWOOD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

	2010	2009
	\$	\$
Financial assets		
Cash and temporary investments (Note 3)	27,443,213	21,621,727
Taxes receivable	5,780,276	4,608,832
Accounts receivable (Note 19)	9,272,128	9,220,926
Long-term receivable (Note 4)	6,698,701	7,070,852
Note receivable - Hydro companies (Note 19)	1,710,169	1,710,169
Investment in government business enterprises - Hydro companies (Note 19)	10,983,952	10,596,320
	61,888,439	54,828,826
Liabilities		
Accounts payable and accruals	8,460,313	10,662,502
Demand loan (Note 5)	664,013	974,076
Accrued interest payable	211,936	170,547
Employee future benefits (Note 12)	1,140,737	1,086,735
Developer deposits	4,577,261	9,534,112
Deferred revenue (Note 7)	18,170,107	22,770,437
Deferred revenue - obligatory reserve funds (Note 9)	6,717,404	7,865,698
Long-term (Note 6)	45,507,356	28,010,232
	85,449,127	81,074,339
Net debt	(23,560,688)	(26,245,513)
Non-financial assets		
Tangible capital assets - net (Schedule 1 and Note 15)	177,341,517	161,526,123
Prepaid expenses	630,296	1,062,610
	177,971,813	162,588,733
Accumulated surplus (Note 10)	154,411,125	136,343,220

Approved _____ Mayor

_____ Date

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE TOWN OF COLLINGWOOD

CONSOLIDATED STATEMENT OF OPERATIONS AS AT DECEMBER 31

	Budget 2010	Actual 2010	Actual 2009
	\$	\$	\$
	(Note 14)		
Revenues			
Net municipal taxation (Note 13)	23,249,222	24,501,199	21,719,798
Payments in lieu of taxation	106,363	157,459	132,039
User charges	14,053,038	14,568,420	13,841,363
Government transfers	368,384	426,270	358,612
Other municipalities	944,894	787,543	1,153,037
Contributions from obligatory reserve funds	295,389	398,321	275,469
Investment income	387,500	468,189	495,543
Penalties and interest on taxes	400,000	644,791	568,591
Gain (loss) on disposal of tangible capital assets	645,261	(6,059)	(583,136)
Other (Note 11)	3,051,078	3,107,682	3,355,459
	43,501,129	45,053,815	41,316,775
Expenses			
General government	6,357,350	4,002,734	3,720,790
Protection to persons and property	10,090,367	9,464,784	9,524,108
Transportation services	7,892,533	7,712,904	6,932,304
Environmental services	11,557,324	12,281,637	11,501,914
Housing services	187,668	152,597	205,172
Recreational and cultural services	7,225,839	7,869,587	6,536,215
Planning and development	2,210,742	2,055,531	1,920,636
	45,521,823	43,539,774	40,341,139
Net revenues (expenses)	(2,020,694)	1,514,041	975,636
Other			
Grants and transfers related to capital			
Government transfers	12,363,305	10,057,578	5,133,909
Contributions from obligatory reserve funds	1,936,978	3,393,274	1,664,548
Contributions from developers	733,344	1,534,835	820,850
Contributed tangible capital assets (Note 15)	-	797,443	1,481,361
Other	3,202,586	383,102	456,700
Income from government business enterprise - Hydro companies (Note 19)	672,384	387,632	470,736
	18,908,597	16,553,864	10,028,104
Annual surplus	16,887,903	18,067,905	11,003,740
Accumulated surplus, beginning of year		136,343,220	125,339,480
Accumulated surplus, end of year (Note 10)		154,411,125	136,343,220

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE TOWN OF COLLINGWOOD

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT FOR THE YEAR ENDED DECEMBER 31

	Budget 2010	Actual 2010	Actual 2009
	\$	\$	\$
	(Note 14)		
Annual surplus	16,887,903	18,067,905	11,003,740
Acquisition of tangible capital assets	(34,688,747)	(22,731,521)	(25,150,622)
Amortization of tangible capital assets	7,456,170	7,573,912	6,836,739
Loss (gain) on disposal of tangible capital assets	(645,261)	6,059	583,136
Proceeds on disposal of tangible capital assets	1,018,500	133,600	109,440
Contributed tangible capital assets	-	(797,443)	(1,481,361)
Change in prepaid expenses	-	432,313	(605,759)
Change in net debt	(9,971,435)	2,684,825	(8,704,687)
Net debt, beginning of year		(26,245,513)	(17,540,826)
Net debt, end of year		(23,560,688)	(26,245,513)

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE TOWN OF COLLINGWOOD

CONSOLIDATED STATEMENT OF CASH FLOW AS AT DECEMBER 31

	2010	2009
	\$	\$
Cash flows from (for):		
Operating activities		
Annual surplus	18,067,905	11,003,740
Non-cash items:		
Amortization	7,573,912	6,836,739
Amortization on debenture debt discount	5,665	5,665
Loss (gain) on disposal of tangible capital assets	6,059	583,136
Contributed tangible capital assets	(797,443)	(1,481,361)
Investment in government business enterprise - Hydro companies	(387,632)	(470,736)
Employee future benefits	54,002	69,752
	24,522,468	16,546,935
Changes in:		
Taxes receivable	(1,171,444)	(1,313,803)
Accounts receivable	(996,438)	2,114,272
Accounts payable and accruals	(87,075)	291,468
Accrued interest payable	41,389	(54,035)
Developer deposits	(4,956,851)	(882,019)
Prepaid expenses	432,313	(605,758)
Net change in cash from operations	17,784,362	16,097,060
Capital activities		
Proceeds on disposal of tangible capital assets	133,600	109,440
Acquisition of tangible capital assets	(22,731,521)	(25,150,622)
Deferred revenue - obligatory reserve funds	(1,148,294)	1,321,637
Accounts receivable - tangible capital assets	945,236	(2,788,105)
Accounts payable - tangible capital assets	(2,115,114)	1,900,664
Net change in cash from capital	(24,916,093)	(24,606,986)
Investing activities		
Long-term receivable	372,151	372,150
Financing activities		
Long-term liabilities issued	19,669,658	-
Long-term liabilities repaid	(2,178,199)	(6,141,274)
Demand loan repaid	(310,063)	(296,297)
Deferred revenue	(4,600,330)	(2,082,640)
Net change in cash from financing	12,581,066	(8,520,211)
Net change in cash position	5,821,486	(16,657,987)
Cash and cash equivalents, beginning of year	21,621,727	38,279,714
Cash and cash equivalents, end of year	27,443,213	21,621,727

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

1. Nature of operations

The Town of Collingwood ("the Municipality") is a lower-tier municipality located in the County of Simcoe, 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.

2. Summary of significant accounting policies

The consolidated financial statements of the municipality are the representation of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the municipality and the changes thereto. The consolidated statement of financial position includes all the assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Accumulated surplus represents the financial position and is the difference between assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

(a) Basis of consolidation

These consolidated financial statements reflect assets, liabilities, revenues and expenses of the municipality. They include the activities of all committees of Council and the following organizations which are accountable to, and owned or controlled by the municipality:

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
Collingwood Elvis Festival Board
Collingwood Airport Services Board
Collingwood Economic Development and Stability Board
Collingwood Public Utilities Service Board

In addition, the consolidated financial statements include the operations of COLLUS Energy Corp., COLLUS Solutions Corp., COLLUS Power Corp. and Collingwood Utility Services Corp. as disclosed in Note 19. 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. All interfund assets and liabilities and sources of financing and expenses have been eliminated.

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

2. Summary of significant accounting policies (continued)

(b) Basis of accounting

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

(c) 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. The change in non-financial assets during the year, together with the annual surplus, provides the consolidated change in net debt for the year.

(i) Tangible capital assets

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

Land improvements	- 10 to 20 years
Buildings	- 15 to 40 years
Machinery and equipment	- 3 to 20 years
Vehicles	- 5 to 15 years
Linear assets	- 10 to 75 years

Work in progress is not amortized until the asset is available for productive use.

One half of the annual amortization is charged in the year of acquisition and in the year of disposal.

(ii) Contributed 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.

(d) Deferred revenue

Revenue restricted by legislation, regulation, or agreement and not available for general municipal purposes is reported as deferred revenue on the statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

2. Summary of significant accounting policies (continued)

(e) County and school boards

The municipality collects taxation revenue on behalf of the school boards and the County of Simcoe. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Simcoe are not reflected in these consolidated financial statements.

(f) Government transfers

Government transfers are recognized in the consolidated 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.

(g) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates exist in tangible capital assets with regard to historical costs and useful lives. Other significant estimates include amortization and employee future benefits. Actual results could differ from those estimates.

(h) Segment disclosures

The municipality adopted the Public Sector Accounting Board standard requiring financial information to be provided on a segmented basis (PSAB 2700). Municipal services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment. Municipal taxation revenue is allocated based on the percentage of total budgeted expenditures.

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

3. Cash and temporary investments

Cash and temporary investments consist of the following:

	2010	2009
	\$	\$
Unrestricted (cash deficiency)	9,704,859	(1,455,062)
Restricted	17,738,354	23,076,789
	27,443,213	21,621,727

Guaranteed investment certificates included in cash are as follows:

	Interest (per annum)	Due	2010	2009
			\$	\$
Nesbitt Burns	1.78%	October 25, 2011	61,500	-
Nesbitt Burns	2.12%	October 25, 2011	61,500	-
Nesbitt Burns	2.05%	March 26, 2010	-	55,000
Nesbitt Burns	0.50%	August 13, 2010	-	66,000
CIBC	4.40%	December 29, 2011	2,275,000	2,275,000
CIBC	3.75%	January 16, 2012	2,000,000	2,000,000
CIBC	3.39%	February 28, 2011	2,000,000	2,000,000
CIBC	3.34%	May 28, 2013	2,000,000	2,000,000
CIBC	3.67%	May 28, 2014	2,000,000	2,000,000
CIBC	4.64%	December 6, 2010	-	3,000,000
CIBC	0.35%	September 17, 2010	-	5,000,000
			10,398,000	18,396,000

Temporary investments are recorded at cost which approximates fair market value. Guaranteed investment certificates in the amounts of \$61,500 and \$61,500 (2009 - \$55,000 and \$66,000) belong to the Library Board.

4. Long-term receivable

Benefiting land owners of water and sewer servicing completed in south Collingwood had the option to pay for their share of the cost in full in 2008 or finance over 20 years at 5.25% per annum with annual repayments commencing in 2009. Annual payments totaling \$372,150 will be included on their property tax bills until 2028.

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

5. Demand loan

The Collingwood public utilities service board's demand loan payable to CIBC bears 4.55% interest, is due December 2012 and is payable in monthly blended principal and interest payments of \$28,998.

Principal payments due within each of the next two years based on negotiated repayment terms is as follows:
\$

2011	324,469
2012	339,544

6. Long-term liabilities

(a) Long-term liabilities consist of the following:

	2010	2009
	\$	\$
Total long-term liabilities incurred by the municipality and outstanding at the end of the year	45,507,356	28,010,232

(b) Principal payments for the next 5 years and thereafter are as follows:

	\$ Tax Supported	\$ User Fee	\$ Other
2011	1,549,967	1,889,786	391,337
2012	1,576,344	1,756,310	391,337
2013	1,604,233	1,817,011	391,337
2014	1,440,429	1,030,190	391,337
2015	1,452,679	1,046,162	391,337
Thereafter	14,293,582	8,931,601	5,162,377
Total	21,917,234	16,471,060	7,119,062
Overall total			<u>45,507,356</u>

The above long-term liabilities issued in the name of the municipality 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 and Housing.

(c) Interest is payable at rates ranging from 3.07% to 6.65% per annum.

(d) The Town also has an operating line of credit available for use in the amount of \$6,000,000, with an interest rate of prime less 0.75%. At December 31, 2010, the balance for the line of credit was \$NIL (2009 - \$NIL)

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

7. Deferred revenue

Deferred revenue includes unspent provincial funding of \$5,396,589 (2009 - \$11,128,381) for capital improvements. Also included in deferred revenue is \$11,923,606 (2009 - \$10,817,483) of special charges to benefiting land owners for water and sewer servicing completed in south Collingwood. This revenue will be recognized over 20 years until 2028 which is the same period over which the construction costs of the project have been financed.

8. Trust funds

Trust funds administered by the municipality amounting to \$600 (2009 - \$600) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations. In the current year there were no transactions in the trust accounts. The trust funds are not audited. The trust funds are comprised of the following:

	2010	2009
	\$	\$
Cultural Trusts	600	600

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

9. 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 provincial legislation restricts how these funds may be used and under certain circumstances these funds may be refunded.

The net change during the year in the restricted deferred revenue balances is comprised of the following:

	2010	2009
	\$	\$
Deferred revenue, beginning of year	7,865,698	6,560,528
Prior period adjustment- new deposits adjusted	-	(26,800)
Prior period adjustment- investment income	-	10,333
Deferred revenue, beginning of year	7,865,698	6,544,061
New deposits:		
Federal government	538,576	521,156
Provincial government	184,173	162,974
Private sources	2,094,307	2,635,618
Investment income	47,032	35,367
Capital and other transfers	(3,791,595)	(1,940,017)
Development charge credits utilized	(220,787)	(93,461)
Deferred revenue, end of year	6,717,404	7,865,698
Obligatory Reserve Funds:		
Recreational Land	69,168	69,168
Development Charges Act	5,928,101	7,537,059
Building Code Act	161,432	239,472
Other Provincial Funding	18,242	19,999
Federal Gas Tax	540,461	-
	6,717,404	7,865,698

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

10. Accumulated surplus

The accumulated surplus consists of individual fund surplus, reserves and reserve funds as follows:

	2010	2009
	\$	\$
Current fund deficit:		
General area taxation	112,964	13,226
Collingwood public utilities service board	(1,829,482)	(1,728,942)
Business Improvement Area	(329)	(329)
Total current fund deficit	(1,716,847)	(1,716,045)
Investment in tangible capital assets:		
Net book value of tangible capital assets	177,341,517	161,526,123
Tangible capital assets financed by long-term liabilities	(45,507,356)	(28,010,232)
Unfinanced capital expenditures	(5,817,743)	(21,637,030)
Total investment in tangible capital assets	126,016,418	111,878,861
Unfunded liabilities:		
Employee future benefits	(170,884)	(166,315)
Reserves set aside for specific purposes by Council:		
Working capital	-	908,672
Contingencies	301,850	151,850
Post employment benefits	969,853	920,420
Current purposes	2,511,635	3,166,090
Acquisition of capital assets	13,345,694	10,502,395
Total reserves	17,129,032	15,649,427
Reserve funds set aside for specific purposes by Council:		
Current purposes	1,397,162	-
Acquisition of capital assets	772,292	100,972
Total reserve funds	2,169,454	100,972
Investment in government business enterprises:		
Hydro companies	10,983,952	10,596,320
Total accumulated surplus	154,411,125	136,343,220

Subsequent to year end, the municipality issued \$NIL (2009 - \$19,669,658) in new long-term liabilities to fund the unfinanced capital expenditures.

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

10. Accumulated surplus (continued)

The accumulated surplus of the Collingwood public utilities service board consists of the following:

	2010	2009
	\$	\$
Net book value of tangible capital assets	31,867,907	32,898,365
Tangible capital assets financed by long-term liabilities	(3,541,977)	(4,362,927)
Current deficit	(1,829,482)	(1,728,942)
Unfunded employee future benefits	(170,884)	(166,315)
Total accumulated surplus	26,325,564	26,640,181

11. Other revenues

Other revenues consist of the following:

	2010	2009
	\$	\$
Licences and permits	406,427	587,683
Facility rentals	827,709	744,027
Fines	70,657	130,726
Donations	46,190	13,220
Revenue and expense recoveries from Government Business Enterprises (Note 19)	642,000	641,987
Miscellaneous	336,219	323,191
Miscellaneous - Collingwood public utilities service board	778,480	914,625
	3,107,682	3,355,459

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

12. Employee future benefits

(a) Retirement 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 employees, the related obligation of the Corporation cannot be identified. The municipality has applied defined contribution plan accounting as it has insufficient information to apply defined benefit plan accounting. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. Amounts paid to OMERS during the year totaled \$722,598 (2009 -\$721,930).

The Town of Collingwood pays certain post retirement benefits on behalf of its retired employees for extended health and dental benefits. The municipality recognizes these post retirement costs in the period in which the employees rendered the services. The accrued benefit obligation at December 31, 2010 of \$1,140,737 and the net periodic benefit cost for 2010 were determined by an actuarial valuation using a discount rate of 5.0% to 6.0%. The accrued benefit obligation for the Town's employees at December 31, 2010 is based on an actuarial report dated March 18, 2010. The accrued benefit obligation for the Collingwood public utilities service board employees at December 31, 2010 is based on an actuarial report dated August 24, 2009. Actuarial valuations will be prepared every third year (every other year for Collingwood public utilities service board) or when there are significant changes to the workforce. The current year expense is included in departmental expenses on a basis proportionate to the wages of the department.

Information about the Town of Collingwood's defined benefit plan is as follows:

	2010	2009
	\$	\$
Accrued benefit obligation, beginning of year	1,086,735	1,016,983
Current service cost	55,201	52,514
Interest cost	57,544	54,467
Past service cost	4,378	4,378
Actuarial gain	(3,588)	(3,589)
Benefits paid for the period	(59,533)	(38,018)
Projected accrued benefit obligation, end of year	1,140,737	1,086,735

The projected accrued benefit obligation consists of:

	2010	2009
	\$	\$
Town	969,853	920,420
Collingwood public utilities service board	170,884	166,315
Total employee future benefits	1,140,737	1,086,735

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

12. Employee future benefits (continued)

The main actuarial assumptions employed for the valuations were as follows:

(i) General inflation

Future general inflation levels, as measured by changes in the Consumer Price Index (CPI), were assumed at 2.0% in 2010. The Collingwood public utilities service board study assumes 2.1%.

(ii) Interest (discount) rate

The obligation as at December 31, 2010, of the present value of future liabilities and the expense was determined using an annual discount rate of 5.0% for the Town employees' valuation. This corresponds to the assumed CPI rate plus an assumed real rate of return of 3.0%. The Collingwood public utilities service board obligation as at December 31, 2010 of the present value of future liabilities and the expense was determined using an annual discount rate of 6.0%. This corresponds to the assumed CPI rate plus an assumed real rate of return of 3.9%.

(iii) Medical costs

Medical costs for the Town employees' valuation were assumed to increase at the CPI rate plus a further increase of 8.33% in 2010 downgraded to 5.0% in 2015 and thereafter. The Collingwood public utilities service board study assumes a further increase of 7.0% in 2010 that is downgraded 1% a year until 2011 after which the rate is assumed to increase 5.0% annually.

(iv) Dental costs

Dental costs were assumed to increase at the CPI rate plus a further increase of 5.0% in 2010 to 2012 and thereafter.

(b) Workplace safety and insurance

In common with other Schedule 2 employers, the municipality funds its obligations to the Workplace Safety and Insurance Board ("WSIB") on a "pay-as-you-go" basis. December 31, 2004 was the first period for which a WSIB accrued benefit was required to be reported. At December 31, 2010, the municipality's accrued benefit liability related to future payments on WSIB is based on the 2004 WSIB calculation. The amount of the accrual is \$NIL for both 2010 and 2009. No independent actuarial valuation is considered necessary.

13. Net municipal taxation

Net municipal taxation consists of:

	2010	2009
	\$	\$
Taxation revenue	45,442,261	41,782,985
Amount levied and remitted to School Boards	(11,532,963)	(11,068,376)
Amount levied and remitted to the County of Simcoe	(9,408,099)	(8,994,811)
Net municipal taxation	24,501,199	21,719,798

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

14. Budget amounts

The operating budget approved by Council for 2010 is reflected on the consolidated statement of operations. The budgets established for capital investment in tangible capital assets are on a project oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with the current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. The budget figures have not been audited.

The following is a reconciliation of the budget approved by Council:

	Budget 2010	Actual 2010	Actual 2009
		\$	\$
Annual surplus	16,887,903	18,067,905	11,003,740
Net transfers from (to) reserves	619,247	(1,479,605)	1,102,506
Net transfers to discretionary reserve funds	-	(2,068,482)	-
Capital acquisitions and disposals	(34,328,508)	(23,389,306)	(25,939,407)
Amortization	7,456,170	7,573,912	6,836,739
Proceeds from long-term liabilities issue	12,166,953	19,669,658	-
Long-term liabilities principal repayments	(2,507,742)	(2,172,534)	(6,135,608)
Change in unfunded liabilities	4,569	4,569	(1,075,250)
Change in investment in hydro companies	(672,384)	(387,632)	(470,736)
Collingwood public utilities service board closing operating deficit	2,089,734	1,829,482	1,728,942
Subtotal	1,715,942	17,647,967	(12,949,074)
Capital projects not funded	-	-	13,708,862
Capital projects from prior years funded	-	(15,819,287)	-
Prior year Collingwood public utilities service board operating deficit	(1,728,942)	(1,728,942)	(1,177,735)
Prior year current fund surplus	13,226	13,226	431,173
General area taxation surplus	226	112,964	13,226

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

15. Tangible capital assets

Schedules 1, 2 and 3 provide information on the tangible capital assets of the municipality by major asset class and business segment, as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets.

- (a) Work in progress
Work in progress with a value of \$8,242,160 (2009 - \$25,531,138) has not been amortized. Amortization of these assets will commence when the asset is put into service.
- (b) Contributed tangible capital assets
Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$797,443 (2009 - \$1,481,361).
- (c) Tangible capital assets disclosed at nominal values
Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.
- (d) Works of art and historical treasures
The Library Board owns two special book collections. Due to their historical or valuable nature, they are not included in the Library's regular collection for circulation to the public. As such, these collections are also not included in tangible capital assets.

16. Letters of credit

As part of various developments, the Town has received letters of credit to cover the costs of completing these projects. Letters of credit held by the Town at December 31, 2010 were \$7,764,470 (2009 - \$17,724,079).

17. Commitments

In the ordinary course of business the Town is committed to construction contracts totaling \$6,197,933, and the work will be completed after December 31, 2010.

18. Contingencies

- (a) In the ordinary course of business, various claims and lawsuits are brought against the municipality. No 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 claims, lawsuits or expropriations will be charged to the year of settlement.
- (b) 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 rate value of \$79 per tonne. Based on maximum tonnes to be accepted by the County this reduced rate is estimated to last until 2029.

CORPORATION OF THE TOWN OF COLLINGWOOD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

19. Government business enterprises - Hydro companies

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

	2010	2009
	\$	\$
Total assets	25,509,482	21,604,430
Total liabilities	14,525,530	11,008,110
Net assets	10,983,952	10,596,320
Common shares	5,101,640	5,101,640
Contributed capital	2,966,014	2,966,014
Accumulated income	2,916,298	2,528,666
Investment in government business enterprise	10,983,952	10,596,320
Total revenues	32,920,826	30,560,927
Total expenditures	32,533,194	30,090,191
Net revenues for the year and change in fund balance	387,632	470,736

The note receivable from the Collingwood Utility Services Corp. bears interest at 7.25% and is due on demand. Also at December 31, 2010, the amount due from the Collingwood Utility Services Corp. is \$2,821,234 (2009 - \$1,944,754) which is included in accounts receivable.

20. Future accounting pronouncements

In February 2010, the CICA issued Section PS 3510, "Tax Revenue", which establishes recognition, measurement, presentation and disclosure standards relating to tax revenue reported in financial statements. The section is effective for fiscal years beginning on or after January 1, 2013, earlier adoption is encouraged. The new standard is not expected to have a material effect on the consolidated financial statements.

CORPORATION OF THE TOWN OF COLLINGWOOD

SCHEDULE 1 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Linear Assets	2010 Total	2009 Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Balance, beginning of year	23,042,886	12,727,665	39,273,134	35,552,215	7,598,141	126,438,015	244,632,056	220,684,260
Additions	775,000	2,219,641	1,581,587	2,200,672	1,808,795	14,943,273	23,528,968	26,631,983
Disposals	-	-	-	(403,943)	(952,008)	(1,437,915)	(2,793,866)	(2,684,187)
Balance, end of year	23,817,886	14,947,306	40,854,721	37,348,944	8,454,928	139,943,373	265,367,158	244,632,056
Accumulated amortization								
Balance, beginning of year	-	5,476,292	10,919,970	18,183,843	4,131,665	44,394,163	83,105,933	78,260,805
Amortization	-	597,319	873,867	2,278,246	693,127	3,131,356	7,573,915	6,836,738
Disposals	-	-	-	(403,943)	(812,349)	(1,437,915)	(2,654,207)	(1,991,610)
Balance, end of year	-	6,073,611	11,793,837	20,058,146	4,012,443	46,087,604	88,025,641	83,105,933
Net book value, end of year	23,817,886	8,873,695	29,060,884	17,290,798	4,442,485	93,855,769	177,341,517	161,526,123
Work in progress included in cost	-	79,906	1,362,239	57,362	-	6,742,653	8,242,160	25,531,138

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE TOWN OF COLLINGWOOD

SCHEDULE 2 CONSOLIDATED SCHEDULE OF SEGMENTED TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2010

	General Government	Fire	Other Protective	Transportation	Environmental	Recreation and Cultural	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Balance, beginning of year	16,306,861	3,401,303	4,563,577	69,236,870	120,852,527	29,996,419	274,499	244,632,056
Additions	1,183,067	1,457,604	101,458	13,168,356	3,910,990	3,610,561	96,932	23,528,968
Disposals	(119,030)	(823,627)	-	(1,395,164)	(197,079)	(258,966)	-	(2,793,866)
Balance, end of year	17,370,898	4,035,280	4,665,035	81,010,062	124,566,438	33,348,014	371,431	265,367,158
Accumulated amortization								
Balance, beginning of year	1,286,907	1,761,958	51,223	27,523,856	43,929,685	8,497,077	55,227	83,105,933
Amortization	257,270	211,917	27,088	2,219,517	3,822,074	1,013,486	22,563	7,573,915
Disposals	(119,030)	(743,699)	-	(1,335,433)	(197,079)	(258,966)	-	(2,654,207)
Balance, end of year	1,425,147	1,230,176	78,311	28,407,940	47,554,680	9,251,597	77,790	88,025,641
Net book value, end of year	15,945,751	2,805,104	4,586,724	52,602,122	77,011,758	24,096,417	293,641	177,341,517
Work in progress included in cost	57,362	-	-	4,130,777	3,901,219	152,802	-	8,242,160

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these financial statements

CORPORATION OF THE TOWN OF COLLINGWOOD

SCHEDULE 3 CONSOLIDATED SCHEDULE OF SEGMENTED TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2009

	General Government	Fire	Other Protective	Transportation	Environmental	Recreation and Cultural	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Balance, beginning of year	15,277,789	3,425,802	4,563,577	57,249,600	116,601,457	23,291,536	274,499	220,684,260
Additions	1,823,321	128,069	-	13,494,074	4,251,070	6,935,449	-	26,631,983
Disposals	(794,249)	(152,568)	-	(1,506,804)	-	(230,566)	-	(2,684,187)
Balance, end of year	16,306,861	3,401,303	4,563,577	69,236,870	120,852,527	29,996,419	274,499	244,632,056
Accumulated amortization								
Balance, beginning of year	1,159,426	1,758,877	30,636	27,129,753	40,158,433	7,986,979	36,701	78,260,805
Amortization	230,484	167,075	20,587	1,899,576	3,771,252	729,238	18,526	6,836,738
Disposals	(103,003)	(163,994)	-	(1,505,473)	-	(219,140)	-	(1,991,610)
Balance, end of year	1,286,907	1,761,958	51,223	27,523,856	43,929,685	8,497,077	55,227	83,105,933
Net book value, end of year	15,019,954	1,639,345	4,512,354	41,713,014	76,922,842	21,499,342	219,272	161,526,123
Work in progress included in cost	173,111	-	-	10,281,379	5,046,833	10,029,815	-	25,531,138

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these financial statements

CORPORATION OF THE TOWN OF COLLINGWOOD

SCHEDULE 4 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2010

	General Government	Police	Fire	Other Protective	Transportation	Environmental	Recreation and Cultural	Planning and Development	Other and Unallocated	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Net municipal taxation	4,331,130	4,712,630	3,318,237	1,178,626	3,924,219	-	5,115,392	1,873,275	47,690	24,501,199
Payments in lieu of taxation	27,835	30,286	21,325	7,575	25,219	-	32,874	12,039	306	157,459
User charges	323,655	2,063	13,932	4,863	775,729	12,426,554	833,321	188,303	-	14,568,420
Government transfers	1,079	30,518	1,120	-	-	-	181,656	211,897	-	426,270
Other municipalities	-	172,066	-	-	174,062	398,875	30,000	-	12,540	787,543
Contributions from obligatory reserve funds	-	-	14,588	110,332	189,037	-	79,500	4,864	-	398,321
Investment income	445,952	-	-	-	-	22,237	-	-	-	468,189
Penalties and interest on taxes	644,791	-	-	-	-	-	-	-	-	644,791
Gain (loss) on disposal of tangible capital assets	-	-	40,422	-	(46,481)	-	-	-	-	(6,059)
Other	675,151	18,080	39,269	332,681	342,104	919,312	737,085	-	44,000	3,107,682
	6,449,593	4,965,643	3,448,893	1,634,077	5,383,889	13,766,978	7,009,828	2,290,378	104,536	45,053,815
Expenses										
Salaries, wages and employee benefits	2,008,183	44,175	2,667,933	683,383	2,362,922	2,522,335	3,520,392	1,116,235	-	14,925,558
Interest on long-term liabilities	353,049	-	-	305,516	129,088	801,947	21,441	1,502	-	1,612,543
Materials and supplies	1,215,293	82,505	243,579	183,391	1,234,803	4,926,506	3,135,232	854,987	38,970	11,915,266
Contracted services	73,621	4,611,615	48,000	1,926	1,211,441	55,000	-	-	-	6,001,603
Rents, financial expenses and external transfers	95,318	17,497	141,320	194,939	555,133	153,775	179,036	60,244	113,627	1,510,889
Amortization	257,270	-	211,917	27,088	2,219,517	3,822,074	1,013,486	22,563	-	7,573,915
	4,002,734	4,755,792	3,312,749	1,396,243	7,712,904	12,281,637	7,869,587	2,055,531	152,597	43,539,774
Net revenues (expenses)	2,446,859	209,851	136,144	237,834	(2,329,015)	1,485,341	(859,759)	234,847	(48,061)	1,514,041
Other										
Grants and transfers related to capital										
Government transfers	-	-	759,672	-	9,021,823	241,108	34,975	-	-	10,057,578
Contributions from obligatory reserve funds	-	-	162,012	-	873,872	1,959,790	397,600	-	-	3,393,274
Contributed tangible capital assets	775,000	-	-	-	-	22,443	-	-	-	797,443
Contributions from developers	-	-	-	-	-	1,511,785	23,050	-	-	1,534,835
Other	-	-	-	-	128,837	120,295	133,970	-	-	383,102
Income from hydro companies	-	-	-	-	-	-	-	-	387,632	387,632
	775,000	-	921,684	-	10,024,532	3,855,421	589,595	-	387,632	16,553,864
Annual surplus (deficit)	3,221,859	209,851	1,057,828	237,834	7,695,517	5,340,762	(270,164)	234,847	339,571	18,067,905

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF COLLINGWOOD

SCHEDULE 5 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2009

	General Government	Police	Fire	Other Protective	Transportation	Environmental	Recreation and Cultural	Planning and Development	Other and Unallocated	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Net municipal taxation	3,441,908	4,527,699	2,941,217	1,227,229	3,263,799	-	4,613,581	1,650,042	54,323	21,719,798
Payments in lieu of taxation	20,924	27,525	17,880	7,461	19,841	-	28,047	10,031	330	132,039
User charges	118,532	1,030	17,245	4,828	734,195	12,022,660	805,425	137,448	-	13,841,363
Government transfers	2,530	50,735	1,829	-	11,499	-	165,199	126,820	-	358,612
Other municipalities	16,351	460,551	15,384	218	208,818	405,581	-	-	46,134	1,153,037
Contributions from obligatory reserve funds	-	-	-	27,495	162,974	-	85,000	-	-	275,469
Investment income	479,785	-	-	-	-	15,758	-	-	-	495,543
Penalties and interest on taxes	568,591	-	-	-	-	-	-	-	-	568,591
Gain (loss) on disposal of tangible capital assets	(594,058)	-	6,675	-	3,692	-	555	-	-	(583,136)
Other	642,419	22,337	11,850	523,378	389,461	1,039,477	693,537	-	33,000	3,355,459
	4,696,982	5,089,877	3,012,080	1,790,609	4,794,279	13,483,476	6,391,344	1,924,341	133,787	41,316,775
Expenses										
Salaries, wages and employee benefits	1,754,838	34,194	3,119,610	594,997	2,148,439	2,451,689	3,230,530	1,113,389	-	14,447,686
Interest on long-term liabilities	351,568	-	-	321,547	123,280	1,070,354	26,266	1,630	-	1,894,645
Materials and supplies	1,248,495	89,946	257,601	131,883	1,168,532	4,025,964	2,519,908	773,766	144,315	10,360,410
Contracted services	66,752	4,392,445	48,000	7,577	1,058,615	55,000	-	-	-	5,628,389
Rents, financial expenses and external transfers	68,653	20,628	106,090	211,928	533,862	127,655	30,273	13,325	60,857	1,173,271
Amortization	230,484	-	167,075	20,587	1,899,576	3,771,252	729,238	18,526	-	6,836,738
	3,720,790	4,537,213	3,698,376	1,288,519	6,932,304	11,501,914	6,536,215	1,920,636	205,172	40,341,139
Net revenues (expenses)	976,192	552,664	(686,296)	502,090	(2,138,025)	1,981,562	(144,871)	3,705	(71,385)	975,636
Other										
Grants and transfers related to capital										
Government transfers	-	-	-	-	3,674,360	1,329,372	130,177	-	-	5,133,909
Contributions from obligatory reserve funds	-	-	-	-	828,656	137,418	698,474	-	-	1,664,548
Contributed tangible capital assets	1,481,361	-	-	-	-	-	-	-	-	1,481,361
Other	-	-	-	-	-	588,446	232,404	-	-	820,850
Donations and cost recoveries	-	-	10,200	-	251,738	1,000	193,762	-	-	456,700
Income from hydro companies	-	-	-	-	-	-	-	-	470,736	470,736
	1,481,361	-	10,200	-	4,754,754	2,056,236	1,254,817	-	470,736	10,028,104
Annual surplus (deficit)	2,457,553	552,664	(676,096)	502,090	2,616,729	4,037,798	1,109,946	3,705	399,351	11,003,740

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE TOWN OF COLLINGWOOD

SCHEDULE 6 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES BUDGET FOR THE YEAR ENDED DECEMBER 31, 2010

	General Government	Police	Fire	Other Protective	Transportation	Environmental	Recreation and Cultural	Planning and Development	Other and Unallocated	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Net municipal taxation	4,109,815	4,471,822	3,148,680	1,118,399	3,723,697	-	4,854,002	1,777,554	45,253	23,249,222
Payments in lieu of taxation	18,802	20,458	14,405	5,117	17,036	-	22,207	8,131	207	106,363
User charges	53,500	2,500	21,000	127,030	935,800	11,983,678	798,585	130,945	-	14,053,038
Government transfers	-	30,000	-	-	-	-	113,884	224,500	-	368,384
Other municipalities	-	248,000	-	-	220,000	476,894	-	-	-	944,894
Contributions from obligatory reserve funds	-	-	-	30,889	185,000	-	79,500	-	-	295,389
Investment income	350,000	-	-	-	-	37,500	-	-	-	387,500
Penalties and interest on taxes	400,000	-	-	-	-	-	-	-	-	400,000
Gain (loss) on disposal of tangible capital assets	183,000	-	(31,698)	-	-	-	493,959	-	-	645,261
Other	300,500	17,000	18,500	519,385	532,700	713,000	820,825	-	129,168	3,051,078
	5,415,617	4,789,780	3,170,887	1,800,820	5,614,233	13,211,072	7,182,962	2,141,130	174,628	43,501,129
Expenses										
Salaries, wages and employee benefits	2,273,140	52,700	2,715,411	807,872	1,861,760	2,573,030	3,511,333	1,059,046	-	14,854,292
Interest on long-term liabilities	490,026	-	21,460	307,677	119,493	846,945	23,314	-	-	1,808,915
Materials and supplies	3,137,735	94,185	249,505	224,355	2,234,559	4,242,230	2,666,602	1,106,980	172,668	14,128,819
Contracted services	81,000	4,920,159	48,000	30,000	1,158,000	55,000	-	-	-	6,292,159
Rents, financial expenses and external transfers	84,800	23,100	139,500	208,666	342,395	105,689	42,818	19,500	15,000	981,468
Amortization	290,649	-	218,835	28,942	2,176,326	3,734,430	981,772	25,216	-	7,456,170
	6,357,350	5,090,144	3,392,711	1,607,512	7,892,533	11,557,324	7,225,839	2,210,742	187,668	45,521,823
Net revenues (expenses)	(941,733)	(300,364)	(221,824)	193,308	(2,278,300)	1,653,748	(42,877)	(69,612)	(13,040)	(2,020,694)
Other										
Grants and transfers related to capital Government transfers	-	-	-	-	11,963,305	400,000	-	-	-	12,363,305
Contributions from obligatory reserve funds	-	-	71,000	-	785,200	887,278	193,500	-	-	1,936,978
Contributions from developers	-	-	-	-	-	733,344	-	-	-	733,344
Other	-	-	-	-	2,800,586	81,000	321,000	-	-	3,202,586
Income from hydro companies	-	-	-	-	-	-	-	-	672,384	672,384
	-	-	71,000	-	15,549,091	2,101,622	514,500	-	672,384	18,908,597
Annual surplus (deficit)	(941,733)	(300,364)	(150,824)	193,308	13,270,791	3,755,370	471,623	(69,612)	659,344	16,887,903

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these financial statements