

Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWN OF LASALLE**

Year ended December 31, 2010



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of LaSalle

We have audited the accompanying consolidated financial statements of The Corporation of the Town of LaSalle, which comprise the consolidated statement of financial position as at December 31, 2010 and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes, comprising 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 an 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 our 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, we consider internal controls relevant to the Entity'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 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 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 Corporation of the Town of LaSalle as at December 31, 2010, and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

July 12, 2011

THE CORPORATION OF THE TOWN OF LASALLE

Consolidated Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	2010	2009
Financial assets:		
Unrestricted		
Cash (note 3)	\$ 1,085,538	\$ 3,609,604
Accounts receivable		
Taxes receivable	1,848,963	2,018,978
User charges receivable	905,110	789,503
Other receivables	23,192,749	273,626
Long term investments (note 3)	713,556	713,551
	<u>27,745,916</u>	<u>7,405,262</u>
Restricted		
Cash and short term investments (note 3)	1,484,149	26,587,398
Long term investments (note 3, note 4)	10,909,877	10,747,350
	<u>12,394,026</u>	<u>37,334,748</u>
	<u>40,139,942</u>	<u>44,740,010</u>
Financial liabilities:		
Accounts payable and accrued liabilities	9,073,122	3,544,956
Deferred revenue/capital deposits (note 5)	30,443,489	31,740,099
Long term debt (note 6)	16,704,883	17,117,295
Employee future benefit obligations (note 7)	13,076,188	11,850,866
	<u>69,297,682</u>	<u>64,253,216</u>
Net debt	(29,157,740)	(19,513,206)
Non-financial assets:		
Tangible capital assets (note 8)	200,801,260	162,667,176
Intangible assets (note 9)	22,687,482	23,088,439
Prepaid expenses	635,704	563,877
	<u>224,124,446</u>	<u>186,319,492</u>
Accumulated surplus (note 10)	\$ 194,966,706	\$ 166,806,286

Commitments and contingencies (note 12, note 13)

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

THE CORPORATION OF THE TOWN OF LASALLE

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Revenue:		
Taxation (note 11)	\$ 20,460,191	\$ 19,645,381
User charges	6,042,107	5,707,623
Government transfers		
Provincial	9,513,897	432,132
Federal	13,696,238	1,317,582
Investment income	559,402	518,304
Penalties and interest	309,953	271,404
Contributions from developers and users	9,303,992	7,236,972
Recreation and cultural services	2,005,220	1,829,462
Other	2,300,093	1,024,201
Total revenue	64,191,093	37,983,061
Expenses:		
General government	4,597,474	4,849,906
Protection to persons and property	8,976,837	8,303,473
Transportation services	6,461,394	6,128,616
Environmental services	9,214,763	7,256,635
Recreation and cultural services	6,304,049	7,209,511
Planning and development	476,156	521,948
Total expenses	36,030,673	34,270,089
Annual surplus	28,160,420	3,712,972
Accumulated surplus, beginning of year	166,806,286	163,093,314
Accumulated surplus, end of year	\$ 194,966,706	\$ 166,806,286

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

THE CORPORATION OF THE TOWN OF LASALLE

Consolidated Statement of Change in Net Debt

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Annual surplus	\$ 28,160,420	\$ 3,712,972
Net acquisition of tangible capital assets	(43,562,571)	(7,441,304)
Net amortization of tangible capital assets	5,428,487	5,638,728
	(9,973,664)	1,910,396
Amortization of intangible assets	400,957	400,957
Acquisition of prepaid expenses	(71,827)	(37,314)
Change in net debt	(9,644,534)	2,274,039
Net debt, beginning of year	(19,513,206)	(21,787,245)
Net debt, end of year	\$ (29,157,740)	\$ (19,513,206)

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

THE CORPORATION OF THE TOWN OF LASALLE

Consolidated Statement of Cash Flows

Year ended December 31, 2010 with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operating Activities:		
Annual surplus	\$28,160,420	\$ 3,712,972
Items not involving cash:		
Amortization	5,967,258	6,039,685
Contributed tangible capital assets from developers	(2,471,484)	-
Loss on disposal of tangible capital assets	261,588	-
Change in employee future benefit obligations	1,225,322	1,112,676
Equity in income of Essex Power Corporation	(778,808)	(480,563)
Change in non-cash assets and liabilities:		
Taxes receivable	170,015	251,233
User charges receivable	(115,607)	(32,451)
Other receivables	(22,919,123)	142,063
Accounts payable and accrued liabilities	5,528,166	36,712
Prepaid expenses	(71,827)	(37,314)
	14,955,920	10,745,013
Capital Activities:		
Cash used to acquire tangible capital assets	(41,490,489)	(7,441,304)
	(41,490,489)	(7,441,304)
Investing Activities:		
Decrease (increase) in investments	350,276	(183,762)
Dividend received from Essex Power Corporation	266,000	266,000
	616,276	82,238
Financing Activities:		
Increase (decrease) in deferred revenue/capital deposits	(1,296,610)	(3,186,809)
Long term debt repaid	(412,412)	(393,107)
	(1,709,022)	(3,579,916)
Increase (decrease) in cash position	(27,627,315)	(193,969)
Cash and short term investments, beginning of year	30,197,002	30,390,971
Cash and short term investments, end of year	\$ 2,569,687	\$30,197,002

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

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

The Town of LaSalle (the "Town") is a municipality in the Province of Ontario incorporated in 1991 and operates under the provisions of the Municipal Act. Previous to 1991, the municipality was known as the Township of Sandwich West.

1. Significant accounting policies:

The consolidated financial statements of Town of LaSalle (the "Town") are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the Town are as follows:

(a) Basis of consolidation:

(i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues and expenses 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 Town and which are owned or controlled by the Town except for the Town's government business enterprise, Essex Power Corporation ("EPC"), which is accounted for on the modified equity basis of accounting.

Excluded from the reporting entity are activities related to The River Canard Park Community Centre Board, The LaSalle Strawberry Festival Committee as well as several other small Committees of Council, all of which are administered by the Town and reported on separately.

Interdepartmental transactions and balances have been eliminated.

(ii) Investment in Essex Power Corporation

The Town's investment in Essex Power Corporation is accounted for on a modified equity basis, consistent with Canadian generally accounting principles as recommended by PSAB for investments in Government Business Enterprises. Under the modified equity basis, Government Business Enterprise's accounting policies are not adjusted to conform with those of the municipality and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of Essex Power Corporation in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Town receives from Essex Power Corporation are reflected as reductions in the investment asset account.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(iii) Accounting for county and school boards transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the county and the school boards are not reflected in these consolidated financial statements. Amounts due to / from county or school boards are reported on the statement of financial position as accounts receivable / payable.

(b) Basis of accounting:

The Town follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of an obligation to pay.

(c) Restricted assets:

Restricted assets consist of cash, short term investments, long term investments and interest receivable which are associated with deferred revenue/capital deposit accounts and reserve funds, of which their use is limited by Provincial or Federal legislation, regulation or third party agreements.

(d) Investments:

Investments consist primarily of money market instruments such as government bonds and guaranteed investment certificates. Investments, which are effectively held to maturity or have a reduction in market value that is considered temporary in nature, are recorded at cost. Other investments, if any, are recorded at the lower of cost or market. Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

1. Significant accounting policies (continued):

(e) Employee future benefit obligations:

The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions with respect to mortality and termination rates, retirement age and expected inflation rate with respect to employee benefit costs. Past service costs from plan amendments, if any, are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of the amendment. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gains (losses) over 10 percent of the accrued benefit obligation is amortized over the average remaining service period of active employees.

(f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They generally have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(g) Tangible capital assets

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, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	15 - 50
Buildings and building improvements	10 - 50
Vehicles, machinery and equipment	5 - 30
Water and wastewater infrastructure	20 - 50
Roads and bridge infrastructure	12 - 50
Furniture and fixtures	15

A half year of 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.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

1. Significant accounting policies (continued):

(g) Tangible capital assets (continued):

(i) Contributions of tangible capital assets

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

(ii) Natural resources

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

(iii) Works of art and cultural and historic assets

The Town manages and controls various works of art and non-operational historical cultural assets including artifacts, paintings and sculptures located at Town sites and public display areas. The assets are not recorded as tangible capital assets and are not amortized. These items have cultural, aesthetic, or historical value and are worth preserving perpetually.

(iv) Interest capitalization

The Town does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(vi) 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.

(h) Intangible assets

The Town owns an interest of five million gallons per day of treatment capacity at the Lou Romano Water Treatment Plant (the "Plant"). The Plant's physical assets are owned by the City of Windsor. This intangible asset is being amortized over the life of the Plant, which is estimated to be 60 years.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

1. Significant accounting policies (continued):

(i) Use of estimates

The preparation of consolidated financial statements 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 consolidated financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating valuation of receivables, the carrying value of tangible capital assets and intangible assets, provisions for accrued liabilities and in performing actuarial valuations of employee future benefits.

Actual results could differ from these estimates.

2. Change in accounting policies:

In 2009, the Town implemented Public Sector Accounting Board ("PSAB") sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

Methods used for determining the cost of each major category of tangible capital assets

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The Town applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, the CPA Monthly (ON) was used as a resource for determining appropriate indices in order to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

3. Cash and investments:

	<u>2010</u>	<u>2009</u>
Unrestricted assets:		
Cash	1,085,538	3,609,604
Long term investments:	713,556	713,551
Restricted assets:		
Cash	1,184,046	26,289,225
Short term investments	300,103	298,173
	<u>1,484,149</u>	<u>26,587,398</u>
Long term investments	3,562,008	3,879,039
Essex Power Corporation (<i>note 4</i>)	7,347,869	6,868,311
	<u>10,909,877</u>	<u>10,747,350</u>
	<u>14,193,120</u>	<u>41,657,903</u>

4. Investment in Essex Power Corporation:

a) Incorporation of Essex Power Corporation

On May 30th, 2000, the Town along with the Towns of Amherstburg, Leamington and Tecumseh substantially transferred all of the assets, liabilities and operations of their respective Hydro-Electric Systems to Essex Power Corporation (EPC). EPC is a holding company which wholly owns three subsidiaries: Essex Power Lines Corporation (EPLC), Essex Power Services Corporation and Essex Energy Corporation. EPC and its subsidiaries have been established by the respective Town Councils to own and manage the operations of the collective Hydro-Electric System.

The value of net assets transferred to EPC from the Town on May 30th, 2000 was \$11,491,728 and was recorded as other revenue on the "Consolidated Statement of Operations". In consideration for such transfer, EPC originally issued to the Town the following:

Promissory notes (from EPLC)	5,245,401
25% voting common shares (in EPC)	2,678,178
44% non-voting common shares (in EPC)	3,568,149
	<u>11,491,728</u>

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

4. Investment in Essex Power Corporation (continued):

b) Investment in Essex Power Corporation

The investments in EPC and EPLC are included in the restricted long term investments on the "Consolidated Statement of Financial Position" and consist of the following as at December 31st:

	<u>2010</u>	<u>2009</u>
Voting common shares	2,678,178	2,678,178
Non-voting common shares	3,568,149	3,568,149
Attributable gains to date	1,101,542	621,984
	<u>7,347,869</u>	<u>6,868,311</u>

c) Supplementary information

The following table provides condensed supplementary information for Essex Power Corporation.

	<u>As at Dec 31, 2010</u>	<u>As at Dec 31, 2009</u>
Financial Position:		
Current assets	27,257,911	25,418,904
Capital assets	35,393,951	30,817,255
Other assets	4,704,890	4,990,123
Total Assets	<u>67,356,752</u>	<u>61,226,282</u>
Current liabilities	19,425,642	15,416,241
Long term liabilities	25,458,506	25,153,661
Total Liabilities	<u>44,884,148</u>	<u>40,569,902</u>
Net Assets	<u>22,472,604</u>	<u>20,656,380</u>
	<u>For the year ended Dec 31, 2010</u>	<u>For the year ended Dec 31, 2009</u>
Result from Operations:		
Gross margin on service revenue	10,623,813	9,606,368
Other revenue	8,097,661	2,557,405
Operating expenses	(15,866,428)	(10,325,043)
Income from operations	<u>2,855,046</u>	<u>1,838,730</u>
Other expenses	(512,765)	(393,424)
Net income	<u>2,342,281</u>	<u>1,445,306</u>

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

4. Investment in Essex Power Corporation (continued):

c) Supplementary information (continued)

For the year ended December 31, 2010, the Town's proportionate share of the underlying net asset increase of EPC was \$479,558 (\$214,563 in 2009) and has been reflected in the "Consolidated Statement of Operations and Accumulated Surplus" and as an increase in the investment in EPC.

d) Related party transactions

During fiscal 2010, the Town received \$266,000 in dividends from Essex Power Corporation (\$266,000 in 2009).

During fiscal 2010, the Town paid \$1,738,294 to Essex Power Corporation for services provided (\$1,202,944 in 2009).

5. Deferred revenue/capital deposits:

The balance of deferred revenue/capital deposits consist of:

	2010	2009
Sewer projects	3,316,323	6,594,660
Water projects	553,758	1,134,982
Water emergency	1,500,000	1,585,720
Land development charges	18,979,740	16,212,404
Refundable contributions from developers	2,370,385	2,304,274
Federal Gas Tax	3,383,501	3,453,554
Provincial Gas Tax/transit	229,793	174,026
Parkland dedication	47,009	196,975
Employee vested sick leave	62,980	83,504
	<u>30,443,489</u>	<u>31,740,099</u>

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

5. Deferred revenue/capital deposits (continued):

The activity for the year consists of:

	2010	2009
Contributions received:		
Contribution from developers	1,757,896	1,362,425
Contribution from others	1,948,800	1,410,000
Gas tax funding	1,409,341	1,367,693
Investment income	668,735	672,640
	<u>5,784,772</u>	<u>4,812,758</u>
Deferred revenue/capital deposits transferred into use	(7,081,382)	(7,999,567)
	<u>(1,296,610)</u>	<u>(3,186,809)</u>
Net change in deferred revenue/capital deposits		
Deferred revenue/capital deposits, beginning of year	31,740,099	34,926,908
Deferred revenue/capital deposits, end of year	<u>30,443,489</u>	<u>31,740,099</u>

6. Long term debt:

a) Long term debt outstanding:

	<u>2010</u>	<u>2009</u>
Vollmer complex 4.81% debenture, repayable in combined semi-annual payments of principle and interest of \$419,456, maturing in 2028	9,849,454	10,201,845
Sanitary sewage treatment capacity 5.1% debenture, repayable in combined semi-annual payments of principle and interest of \$205,977, maturing in 2048	6,855,429	6,915,450
	<u>16,704,883</u>	<u>17,117,295</u>

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

6. Long term debt (continued):

b) Long term debt principal repayments:

Within one year	432,666
Within two years	453,915
Within three years	476,209
Within four years	499,597
Within five years	524,135
Thereafter	14,318,361
	<u>16,704,883</u>

c) Charges relating to long term debt:

	<u>2010</u>	<u>2009</u>
Principal paid	412,412	393,107
Interest paid	838,454	857,759
	<u>1,250,866</u>	<u>1,250,866</u>

d) Debt capacity limit:

The Municipal Act establishes debt limits, which include both interest and principal payments, as defined in Ontario regulation 799/94. The debt limit is calculated at 25% of net operating revenues. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs and Housing. These thresholds are a conservative guideline used by the Ministry to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the consolidated financial statements must be interpreted as a whole.

	<u>2010</u>	<u>2009</u>
Debt repayment limit (25% of net operating revenues)	7,486,792	7,090,329
Net debt charges	1,250,866	1,250,866
Remaining available debt repayment limit	<u>6,235,926</u>	<u>5,839,463</u>

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

7. Employee future benefit obligations:

a) Pension agreements

The Town makes contributions on behalf of members of its staff to the Ontario Municipal Employees Retirement System [OMERS], which is a multi-employer plan. The plan is a defined-benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The multi-employer plan is valued on a current market basis for all plan assets.

During the year, the Town paid \$792,951 (\$726,207 in 2009) in contributions towards the OMERS plan. At December 31, 2010 and 2009, the OMERS plan is in a deficit position, which will be addressed through temporary rate increases beginning in 2011.

b) Future benefit obligations

Employee benefit liabilities are future obligations of the Town to its employees and retirees for benefits earned but not taken as of December 31.

	<u>2010</u>	<u>2009</u>
Post retirement benefits	12,235,824	11,056,798
Accrued sick leave	693,638	666,672
WSIB future benefit costs	146,726	127,396
	<u>13,076,188</u>	<u>11,850,866</u>

i) Post retirement benefits

The post retirement benefits liability is based on an actuarial valuation performed by the Town's actuaries. The valuation and measurement date used by the actuaries is December 31, 2010 and December 31, 2009 respectively. The significant actuarial assumptions adopted in estimating the Town's liability are as follows:

Long term discount rate	4.3% (5.25% in 2009)
Trend rates:	Dental - 4% per annum (4% in 2009)
	Health care - 8.0% in 2010, decreasing by 0.5% per year to 5.0% in 2016 and 5.0% thereafter
Estimated remaining service life	- 12 years

Information about the Town's future obligations with respect to these costs is as follows:

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

7. Employee future benefit obligations and other liabilities (continued):

b) Future benefit obligations (continued):

i) Post retirement benefits (continued)

	<u>2010</u>	<u>2009</u>
Opening balance	11,056,798	10,011,283
Annual expense		
Recognition of past service costs	-	5,212
Cost of benefits	473,128	481,257
Net amortization of actuarial losses	263,418	195,348
Interest	738,651	651,772
Benefits paid	(296,171)	(288,074)
Closing balance	<u>12,235,824</u>	<u>11,056,798</u>

	<u>2010</u>	<u>2009</u>
Accrued benefit obligation	17,323,299	13,744,500
Unamortized net actuarial losses	(5,087,475)	(2,687,702)
Closing balance	<u>12,235,824</u>	<u>11,056,798</u>

The Town's post retirement benefit obligations are unfunded.

ii) Accrued sick leave

Under the terms of contract settlements in 1995, employees can only receive lump sum cash payments for those days accumulated in excess of the maximum sick leave bank entitlement. The cash value of 50% of the excess accumulation is to be paid to each employee at the beginning of the following year. The days accumulated up to the sick leave bank maximum entitlement have no cash value, however, represents a future liability to the municipality.

Also, employees were given the option of receiving a lump sum payment for their sick leave accumulation as of January 1, 1995, or have the Town establish an account from which this money would become payable to them upon termination, retirement or death. The sick leave account established for this purpose is identified in Note 5 of the consolidated financial statements. At December 31, 2010 the balance payable relating to the sick leave liability amounted to \$62,980 (\$83,504 in 2009).

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

7. Employee benefits and other liabilities (continued):

b) Future benefit obligations (continued):

iii) WSIB future benefit costs

The Workplace Safety and Insurance Board (WSIB) has evaluated the estimated liability for the future benefit costs and administrative loading at \$146,726 (\$127,396 in 2009).

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

8. Tangible capital assets

Cost	Balance at December 31, 2009	Additions	Disposals	Transfers	Balance at December 31, 2010
Land	\$ 29,207,904	\$ 2,303,039	\$ 196,788	-	\$ 31,314,155
Land improvements	3,980,730	-	-	-	3,980,730
Buildings and building improvements	26,794,802	-	-	-	26,794,802
Vehicles, machinery and equipment	9,900,734	237,286	162,515	-	9,975,505
Water and wastewater infrastructure	88,698,189	55,379	-	-	88,753,568
Roads and bridge infrastructure	69,880,492	153,003	40,099	-	69,993,396
Furniture and fixtures	232,527	-	-	-	232,527
Assets under construction	3,693,792	41,213,266	-	-	44,907,058
Total	\$ 232,389,170	\$ 43,961,973	\$ 399,402	\$ -	\$ 275,951,741

Accumulated Amortization	Balance at December 31, 2009	Disposals	Amortization Expense	Balance at December 31, 2010
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	2,063,409	-	151,582	2,214,991
Buildings and building improvements	3,189,934	-	892,190	4,082,124
Vehicles, machinery and equipment	4,769,951	135,141	686,018	5,320,828
Water and wastewater infrastructure	27,985,999	-	1,838,887	29,824,886
Roads and bridge infrastructure	31,664,234	2,673	1,982,457	33,644,018
Furniture and fixtures	48,467	-	15,167	63,634
Total	\$ 69,721,994	\$ 137,814	\$ 5,566,301	\$ 75,150,481

Net Book Value	Balance at December 31, 2009	Balance at December 31, 2010
Land	\$ 29,207,904	\$ 31,314,155
Land improvements	1,917,321	1,765,739
Buildings and building improvements	23,604,868	22,712,678
Vehicles, machinery and equipment	5,130,783	4,654,677
Water and wastewater infrastructure	60,712,190	58,928,682
Roads and bridge infrastructure	38,216,258	36,349,378
Furniture and fixtures	184,060	168,893
Assets under construction	3,693,792	44,907,058
Total	\$ 162,667,176	\$ 200,801,260

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

8. Tangible capital assets (continued):

Cost	Balance at December 31, 2008	Additions	Disposals	Transfers	Balance at December 31, 2009
Land	\$ 28,508,877	\$ 699,027	\$ -	\$ -	\$ 29,207,904
Land improvements	3,980,730	-	-	-	3,980,730
Buildings and building improvements	26,794,802	-	-	-	26,794,802
Vehicles, machinery and equipment	9,269,138	631,596	-	-	9,900,734
Water and wastewater infrastructure	87,108,611	1,589,578	-	-	88,698,189
Roads and bridge infrastructure	68,940,391	886,190	-	53,911	69,880,492
Furniture and fixtures	232,527	-	-	-	232,527
Assets under construction	112,790	3,634,913	-	(53,911)	3,693,792
Total	\$ 224,947,866	\$ 7,441,304	\$ -	\$ -	\$ 232,389,170

Accumulated Amortization	Balance at December 31, 2008	Disposals	Amortization Expense	Balance at December 31, 2009
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	1,911,052	-	152,357	2,063,409
Buildings and building improvements	2,297,744	-	892,190	3,189,934
Vehicles, machinery and equipment	4,028,861	-	741,090	4,769,951
Water and wastewater infrastructure	26,166,341	-	1,819,658	27,985,999
Roads and bridge infrastructure	29,645,968	-	2,018,266	31,664,234
Furniture and fixtures	33,300	-	15,167	48,467
Total	\$ 64,083,266	\$ -	\$ 5,638,728	\$ 69,721,994

Net Book Value	Balance at December 31, 2008	Balance at December 31, 2009
Land	\$ 28,508,877	\$ 29,207,904
Land improvements	2,069,678	1,917,321
Buildings and building improvements	24,497,058	23,604,868
Vehicles, machinery and equipment	5,240,277	5,130,783
Water and wastewater infrastructure	60,942,270	60,712,190
Roads and bridge infrastructure	39,294,423	38,216,258
Furniture and fixtures	199,227	184,060
Assets under construction	112,790	3,693,792
Total	\$ 160,864,600	\$ 162,667,176

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

9. Intangible assets:

	2010	2009
Balance, cost	\$ 24,057,418	\$ 24,057,418
Less - Accumulated amortization	1,369,936	968,979
Balance, net	<u>\$ 22,687,482</u>	<u>\$ 23,088,439</u>

10. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2010	2009
Surplus:		
Invested in tangible capital assets	\$ 190,951,806	\$ 152,465,331
Invested in intangible capital assets	15,832,053	16,172,989
Other	(9,898,125)	(1,094,294)
Unfunded employee future benefit obligations	(13,076,188)	(11,850,866)
Total surplus	183,809,546	155,693,160
Reserve funds set aside by Council:		
Building activity	(1,020,909)	(951,105)
Recreation complex fundraising	2,690	11,265
Essex power equity	7,347,869	6,868,311
Total reserve funds	6,329,650	5,928,471
Reserves set aside for specific purpose by Council:		
Computer	245,807	193,799
Working capital	952,227	971,227
Tax stabilization	826,849	531,849
LaSalle green space/woodlot	472,045	441,525
Facility capital	600,000	400,000
Election	47,696	99,571
Building lifecycle maintenance	317,723	217,723
Insurance	382,155	368,178
Infrastructure replacement/repair	52,380	1,155,402
Seized building permit indemnity	21,976	-
Equipment-fire	11,116	17,000
Fuel system-environmental services	143,857	124,675
Heavy equipment-environmental services	451,460	428,595
Culture & recreation	155,855	147,756
Vollmer Centre	75,120	-
Planning projects	10,058	10,058
Streetlights	2,486	25,797
Driveway approach	58,700	51,500
Total reserves	4,827,510	5,184,655
	<u>\$ 194,966,706</u>	<u>\$ 166,806,286</u>

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

11. Taxation revenue:

Taxation revenue, reported on the Consolidated Statement of Operations, is made up of the following:

	2010	2009
Residential and farm taxes	\$ 33,008,182	\$ 32,077,031
Commercial, industrial and business taxation	6,127,185	6,057,215
Taxation from other governments	24,809	24,574
	39,160,176	38,158,820
Requisitions to County and School Boards	(18,699,985)	(18,513,439)
Net property taxes and payment-in-lieu available for municipal purposes	\$ 20,460,191	\$ 19,645,381

12. Commitments:

a) Ontario Clean Water Agency

The Town has entered into an agreement with the Ontario Clean Water Agency (formerly Ministry of the Environment) for the construction, financing and operation of a sanitary sewage system to service certain areas of the municipality. The Town was obligated to reimburse the Agency for the costs of the project through the imposition and collection of frontage and connection charges and a sewage service rate to the users. At December 31, 1996, the construction of the system was complete.

In 2010, the Town paid \$292,593 (\$266,935 in 2009) to the Ontario Clean Water Agency for the operation and maintenance of its sanitary sewer system, which is reflected in the "Consolidated Statement of Operations and Accumulated Surplus".

b) The Corporation of the City of Windsor

In 1974, the Town entered into an agreement with the Corporation of the City of Windsor for the processing and disposal of the sewage from the sanitary sewage system. The costs of processing the sewage are based on the Town's proportionate share of the operating and administrative costs of the Lou Romano Water Reclamation Plant.

The City of Windsor invoices for these charges on a quarterly basis and these charges which totaled \$646,469 (\$714,231 in 2009) are reflected in the Town's "Consolidated Statement of Operations and Accumulated Surplus".

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

12. Commitments (continued):

(c) Infrastructure commitments

(i) Riverdance development

During 2009, the Town entered into an agreement with various vendors for a new 3,500 square foot building that will have a multi-purpose room, public washrooms and an indoor storage area for rowing equipment; new boardwalks for recreational fishing and walking purposes; removal of in-water remains of old docks; and initial stages of naturalized shoreline restoration. The total project budget is \$1.42 million of which \$1,311,547 has been spent as of December 31, 2010 (\$157,961 as of December 31, 2009). The project is scheduled to be completed by the spring of 2011. The Town received \$1.3 million of funding for this project from the Municipal Infrastructure Investment Initiative in 2008.

(ii) Vollmer RInC works

During 2009, the Town entered into an agreement for the construction of 8 baseball diamonds, a skateboard park, and the development of a trail at the Vollmer complex. The total project budget is \$7.2 million of which \$4,979,913 has been spent as of December 31, 2010 (\$157,768 as of December 31, 2009). The project is scheduled to be completed by the spring of 2011. The Town anticipates funding \$4 million of this project through federal and provincial grants and the remaining \$3.2 million will be funded internally by the Town.

(iii) Laurier Drive extension

During 2009, the Town entered into an agreement for the construction of a new east-west arterial road interconnecting Malden Road, Huron Church Line and Howard Avenue. The total project budget is \$18 million of which \$15,429,408 has been spent as of December 31, 2010 (\$413,490 as of December 31, 2009). The project is scheduled to be completed by the spring of 2011. The Town anticipates funding \$12 million of this project through federal and provincial grants and the remaining \$6 million will be funded internally by the Town.

(iv) Malden Road

During 2009, the Town entered into an agreement for the construction of various Malden road infrastructure improvements. The total project budget is \$12 million of which \$8,674,243 has been spent as of December 31, 2010 (\$529,840 as of December 31, 2009). The project is scheduled to be completed by the spring of 2011. There are a number of unsettled obligations to expropriated land owners. At this point in time the amount of the obligation cannot be determined. The Town anticipates funding \$6.8 million of this project through federal and provincial grants and the remaining \$5.2 million will be funded internally by the Town.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

12. Commitments (continued):

(c) Infrastructure commitments (continued)

(v) Southwest Quadrant

During 2009, the Town entered into an agreement for the replacement of watermains in the south-west quadrant of LaSalle. The total project budget is \$10.8 million of which \$6,578,643 has been spent as of December 31, 2010 (\$175,661 as of December 31, 2009). The project is scheduled to be completed by the spring of 2011. The Town anticipates funding \$4.8 million of this project through federal and provincial grants and the remaining \$6 million will be funded internally by the Town.

(vi) Front Road

During 2009, the Town entered into an agreement for the reconstruction of existing transportation facility, intersection improvements, watermain and storm drainage replacement, sidewalk/trails and street lights. The total project is \$6.0 million of which \$4,700,074 has been spent as of December 31, 2010 (\$nil as of December 31, 2009). The project is to be completed by the spring of 2011. The Town anticipates funding of \$4.0 million of this project through federal and provincial grants and the remaining \$2 million will be funded internally by the Town.

13. Contingent liabilities:

During the normal course of operations, the Town is subject to various legal actions. The settlement of these actions is not expected to have a material effect on the consolidated financial statements of the Town.

14. Budgeted figures:

Budgeted figures have been excluded on the consolidated statement of operations and accumulated surplus as they may not be directly comparable to the actual figures due to the requirement to accrue certain expenses in accordance with PSAB reporting requirements. The Town does not, in many cases, include these amounts in the annual budget as they do not require immediate funding. Additionally, budgets relating to tangible capital asset purchases have been excluded on the consolidated statement of operations and accumulated surplus, as they may not be comparable to actual results.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2010

15. Segmented information:

The Town is a lower tier municipality that provides a wide range of services to its citizens, including police, fire, water and many others. These services are provided by departments of the Town and their activities are reported by segment in these statements.

For each reportable segment, the Town has reported expenses that represent both amounts that are directly attributable and amounts that are allocated on a reasonable basis. Revenues have not been presented by segment based on their nature and instead are shown by object.

The Town's reportable segments and their associated activities are as follows:

(i) General government:

General government is comprised of Police, Fire and Protective Inspection activities

(ii) Transportation services:

Transportation services are comprised of roadway maintenance and winter control activities

(iii) Environmental services:

Environmental services are comprised of water, sanitary and storm sewers, solid waste collection and disposal and recycling

(iv) Recreation and cultural services:

Recreational and cultural services are comprised of parks, cultural activities and recreation facilities

(v) Planning and development:

Planning and development is comprised of planning and zoning, commercial and industrial

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.