

MUNICIPALITY OF CHATHAM-KENT

CORPORATE SERVICES

FINANCIAL SERVICES

TO: Mayor and Members of Council

FROM: Stuart Wood, CMA
Director, Financial Services / Treasurer

DATE: June 21, 2009

SUBJECT: 2008 Audited Financial Statements

RECOMMENDATION

It is recommended that:

1. The audited financial statements for the year ended December 31, 2008, be received.

BACKGROUND

Under section 286 of the Municipal Act, 2001, Finance is responsible for payments and collections, for record keeping, for investments and for providing Council with financial information. All financial statements are prepared by municipal staff. The Auditor reviews these statements to ensure compliance with legislation, regulations and accounting standards.

Since its inception eleven years ago, the Municipality of Chatham-Kent has had its financial records and its financial control systems audited annually by an independent firm of external auditors appointed under contract by Council. As Council knows, the senior audit partner meets directly with Council in closed session at least annually, with municipal staff absent, to obtain comments and instructions from Council. In addition to the standard audit report, the auditor conducts extra tests and examinations based on Council concerns. Results of the audit are shared directly with Council.

As well as investigating specific Council concerns, the external auditors' objectives are to:

- Obtain assurance that the financial statements are free of material misstatement

- Evaluate the fairness of presentation of the financial statements in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA)
- Report to administration and to Council on:
 - significant internal control weaknesses
 - errors noted during the audit
 - any matters the auditor believes should be disclosed

Other statutory financial audits that can occur include:

- Canada Revenue Agency (CRA) audits of employer statutory remittances
- CRA audits of GST returns
- Ontario Retail Sales tax audits
- Ministry Program specific audits

The Municipality also engages GST/Retail Sales tax specialists for non-statutory audits to ensure the proper amount of federal and provincial sales tax is charged or claimed. An annual credit rating is also conducted¹.

Copies of the audited financial statements are attached as Appendix “A” and will also be presented on the municipal website. A synopsis of the financial results will be published in local papers following acceptance of this report (section 295.1, Municipal Act).

Financial statement information is prepared using information from the Financial Information Return (FIR) which is a statutory report filed with the Ministry of Municipal Affairs and Housing annually. Copies of the FIR and financial statements are available on request, free of charge (section 295.2, Municipal Act).

COMMENTS

The external auditor has concluded a review of the records of the Corporation and has issued an unqualified audit opinion on the basis of this review. This means that there were no significant internal financial control weaknesses or material errors noted during the audit. All provincial deadlines continue to be met.

The following are additional comments regarding the financial statement.

The Municipal 2008 year-end surplus is \$733,001 (\$555,609 in 2007). Total Municipal and PUC expenses, excluding hydro operations, in 2008 were \$282,184,256, (\$268,423,259 in 2007). C-K Energy is audited separately and is not consolidated in this report.

¹ Standard & Poors conducts an annual financial review and ranks the municipality in accordance with its findings. Chatham-Kent currently has a rating of A with a stable outlook. One contributing factor was the “relatively good liquidity, manageable debt and reasonable economic prospects”.

The attached consolidated municipal financial statements include the PUC (Water/Wastewater), the Library, Museums, Board of Health and Police Service Board. Separate audits for the Public Health Division, Federal Gas Tax expenditures, Long Term Care and Transfer Payment Annual Reconciliation (Social Services) were also prepared for grant purposes and are available on request. Municipal trust activities are audited separately. C-K Energy and subsidiary financial results are reflected in separate statements. The net income of these operations is incorporated in the municipal financial statements as "Income from Subsidiary" and "Investment in Chatham-Kent Energy Inc."

The following excerpt from the Consolidated Statement of Financial Position (see page 4 of the financial statement attachment) lists the fund balances at year end, the amounts to be recovered in future years, and the resulting net financial position.

Figure 1 - Net Financial Position			
	2008	2007	2006
FUND BALANCES AT THE END OF THE YEAR			
To be used to offset taxation or user charges in subsequent years	\$993,296	\$962,273	\$2,969,387
Capital operations not permanently financed	(30,401,988)	(29,806,588)	(33,520,006)
Reserves	67,444,729	48,407,022	44,519,084
Reserve funds	2,943,923	2,559,539	2,318,246
Chatham-Kent Energy Inc., net equity	60,642,698	58,806,988	56,526,912
FUND BALANCES	101,622,658	80,929,234	72,814,073
AMOUNTS TO BE RECOVERED	(171,593,663)	(181,060,622)	(179,859,745)
NET FINANCIAL POSITION	<u>\$(69,971,005)</u>	<u>\$(100,131,388)</u>	<u>\$(107,045,672)</u>

Net Financial Position

The fund balances at year-end include a number of components.

To be used to offset taxation or user charges in subsequent years is the accumulated Municipal surplus. It is comprised of the following:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
For general reduction of taxes or user charges	\$733,001	\$555,609	\$2,601,615
Local improvement pre-levies	228,635	236,415	249,048
Business Improvement Area surpluses	<u>31,660</u>	<u>170,249</u>	<u>119,174</u>
	<u>\$993,296</u>	<u>\$962,273</u>	<u>\$2,969,837</u>

The amount for general reduction of taxes or user charges of \$733,001 (\$555,609 in 2007) is the 2008 Municipal net operating fund surplus. Budget & Performance Services has a report dealing with the final distribution of the 2008 surplus also on the Council agenda.

Capital operations not permanently financed refers to capital projects that will be funded either by directly benefiting ratepayers, or by amounts to be recovered through future rates or sales. Capital Fund Activities on page 8 of this report provide an overview of unfinanced capital operations.

Reserves and Reserve Funds are the reserve balances at year-end. A breakdown of Reserves and Reserve funds is attached as Appendix "B". Also see Note 14 of the audited financial statements. Reserve balances include amounts encumbered. The amount has increased dramatically in 2008 due to the one time Provincial Investing in Ontario Act grant of \$10.3 million being put in reserves until spent in 2009-2010, along with various other changes.

Chatham-Kent Energy Inc, net equity is the Municipality's 90% share of the 2008 Chatham-Kent Energy (CKE) net income of \$3,729,678 (\$3,530,075 in 2007) plus the value of the shares and long-term note payable to the Municipality for consideration of the original transfer of net assets to CKE².

<u>Municipal Equity Breakdown By Type</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Note receivable	\$23,523,326	\$23,523,326	\$23,523,326
Share Capital	23,855,798	23,855,798	23,855,798
Accumulated profit less dividends	12,771,614	10,935,904	8,655,829
Capital asset not financed	<u>491,960</u>	<u>491,960</u>	<u>491,960</u>
Total Municipal Equity	<u>\$60,642,698</u>	<u>\$58,806,988</u>	<u>\$56,526,913</u>

Amounts to be recovered include the following:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Employee future benefits	\$17,894,282	\$17,036,296	\$16,266,102
WSIB obligation	3,656,818	2,520,434	1,401,107
Vacation pay	1,899,577	2,340,328	2,136,316
Interest on long-term liabilities	1,162,701	1,243,606	1,351,504
Net long-term liabilities (see note 8 of financial statements + figure 2)	<u>146,980,285</u>	<u>157,919,958</u>	<u>158,704,716</u>
Total Amounts to be Recovered	<u>\$171,593,663³</u>	<u>\$181,060,622</u>	<u>\$179,859,745</u>

² The value placed on CKE securities is based on cost and may not reflect market values.

Summary of C-K Energy Operations			
	2008	2007	2006
Service Revenue	92,116,301	95,636,895	93,276,647
Cost of Power	<u>75,682,349</u>	<u>79,373,378</u>	<u>77,204,370</u>
Gross Margin	16,433,952	16,263,517	16,072,277
Operating Income	20,679,068	20,412,933	19,586,189
Net Earnings (100%)	3,729,678	3,530,075	3,062,462
Retained Earnings (End of Year)	12,975,582	10,935,904	8,655,829
Dividends Paid to C-K	\$1,521,000	\$1,250,000	\$1,090,000
Dividends Paid to Corix Utilities	\$169,000	\$0	\$0

³ Amounts to be recovered include PUC operations which are broken down as follows:

To Be Recovered	2008	2007	2006
Municipal	95,676,250	99,215,990	\$95,179,463
PUC	75,917,413	81,844,632	\$84,680,282
Total	\$171,593,663	\$181,060,622	\$179,859,745

The five items above are Public Sector Accounting Board (PSAB) adjustments.

PSAB requires the reporting of the following liabilities:

- Post-employment benefits such as life insurance and medical benefits that will be incurred and will potentially be due at some future time. The discount rate used by the actuarial consultant in determining the net present value of future benefits was 7.0% (5.25% in years 2006 – 2007)
- Estimated future liabilities as provided by Workplace Safety & Insurance Board
- Staff vacation credits that have been earned but not taken at year-end
- Interest on long-term debt accrued but not paid by year-end

The funding of these liabilities do not occur prior to the period that they become due and payable. The Municipality provides funding for these liabilities through the budget process in the year of disbursement.

Net long-term liabilities are the balances of debentures outstanding. Notes 8 and 9 of the audited financial statement provide details of the long-term liabilities. Figure 2 below provides a summary of the sources of future funding to service the debt payments.

	2008	2007	2006
Municipal Revenues	46,638,547	49,461,569	54,740,843
Benefiting Landowners (Local Improvement) ⁴	32,363,026	35,649,079	29,359,448
PUC Rates	<u>67,978,712</u>	<u>72,809,310</u>	<u>74,604,425</u>
Total Outstanding Debt	\$146,980,285	\$157,919,958	\$158,704,716

Debt detail is provided in figure 3; there was no new debt issued in 2008. Once debt associated with capital work is repaid, the net financial position (figure 1) will change⁵.

Long-term liabilities include infrastructure investments. PUC amounts will be paid by rates from existing and new customers. Municipal investments include Industrial Park, Riverview Gardens and local improvements paid by lot sales and benefiting property owners respectively.

⁴ Including Social Housing, Industrial Park, Ambulance, Drainage and third party waterline loans.

⁵ Under CICA private sector accounting rules, normally an increase in debts for capital works would be offset by fixed assets that would depreciate over time. The depreciation allowance would be used to pay down debt. Under PSAB rules, the debt is recognized immediately and shown as a liability. The resultant capital works are expensed immediately. This leaves the impression that a deficit has occurred. Tax (or other revenue) is raised in the year when cash disbursement is required, not at the time the PSAB deficit occurs. This will change effective January 1, 2009, at which time municipalities will be required to report tangible capital assets in the Statement of Financial Position. The depreciation of capital assets is to be recorded as an expense in the Statement of Operations.

Figure 3 (Detail) Chatham-Kent Long Term Debt as at December 31, 2008							
				Funded by:			
Debt Issue #	Rate %	Term	Total	PUC rates	PUC locals	Mun. Tax	Mun. Other
Debt Issued by the Municipality of Chatham-Kent							
2002-01	5.375	10	20,000,000 (A)	16,700,000		1,249,000	2,051,000
2003-01	5.39	10	12,000,000 (B)		12,000,000		
2004-01	2.55	10	10,864,650 (C)			1,862,229	9,002,421
2004-02	2.73	20	43,400,000 (D)	43,400,000			
2004-03	5.19	10	10,000,000 (E)			2,653,000	7,347,000
2005-01	4.94	20	43,000,000 (F)			13,299,000	29,701,000
2005-02	2.53	20	22,128,742 (G)	22,128,742			
2006-01	2.50	10	6,137,771 (H)			6,137,771	
2007-01	2.52	20	2,800,000 (I)	2,800,000			
2007-02	4.94	20	5,170,000 (J)				5,170,000
2007-03	5.38	5	1,428,000 (K)				1,428,000
Subtotal			176,929,163	85,028,742	12,000,000	25,201,000	54,699,421
Less Principal amounts repaid by Dec 31, 2008			(38,511,186)	(18,787,842)	(4,061,299)	(4,982,340)	(10,679,705)
Chatham-Kent Issued Debt Outstanding at Dec 31, 2008			138,417,977	66,240,900	\$7,938,701	20,218,660	44,019,716
Other Debt assumed by Chatham-Kent							
Former Entities Dec 31, 2008	various	various	1,916,000 (L)	1,737,812		178,188	
Social Housing download Dec 31, 2008	Various	various	6,646,308 (M)				6,646,308
Total Debt Outstanding Dec 31, 2008			\$146,980,285	\$67,978,712	\$7,938,701	\$20,396,848	\$50,666,024
<p>(A) Debenture: Water \$15,900,000, Wastewater \$800,000, Bridges \$1,249,000, Ambulance Station \$751,000, Bloomfield Business Park \$1,300,000</p> <p>(B) CIBC Bank Loan: Ratepayer Waterlines \$12,000,000</p> <p>(C) OMEIFA Debenture: Bridges \$1,862,229, Bloomfield Business Park \$9,002,421</p> <p>(D) OMEIFA Debenture: Water \$17,125,000, Wastewater \$25,675,000</p> <p>(E) CIBC Bank Loan: Lifecycle Roads \$2,149,000, Lifecycle Buildings \$504,000, Ratepayer Drainage \$3,047,000, Ambulance Station \$1,000,000, CK Centre for Community Services Building \$3,300,000</p> <p>(F) OSIFA Debenture: Riverview Gardens \$40,300,000 33% tax funded, Bloomfield Business Park \$2,700,000</p> <p>(G) OMEIFA Debenture: Water \$19,253,236, Wastewater \$2,875,506</p> <p>(H) OMEIFA Debenture: Bridges \$6,137,771</p> <p>(I) OMEIFA Debenture: Wastewater \$2,800,000</p> <p>(J) OSIFA Debenture: Social Housing – Wallaceburg Housing Corporation purchase \$5,170,000</p> <p>(K) CIBC Bank Loan: Global Vehicle Systems loan \$1,428,000</p> <p>(L) Included are Wallaceburg Wastewater \$1,737,812, Wallaceburg Fire \$178,188</p> <p>(M) Debt came with the Social Housing units on transfer to the Municipality from the Province in 2001. A component of social housing costs are tax funded. The debt is held by Provincial agencies.</p>							

Consolidated Statement of Financial Activities

The Consolidated Statement of Financial Activities (see pages 2 & 3 of the financial statement attachment) has been divided into three separate schedules: **Operating, Capital, and Reserve Activities.**

The Consolidated Schedule of Operating Fund Activities (page 21 in the financial statement package) incorporates the 2008 balanced budget as approved by Council. The Consolidated Schedule of Operating Fund Activities details operating fund activities along with financing and transfers from/to other funds. Figure 4 below is a synopsis of this schedule with comparisons for 2006 and 2007.

Figure 4 - Consolidated Schedule of Operating Fund Activities			
	2008 Actual	2007 Actual	2006 Actual
REVENUES	\$264,259,451	\$252,091,690	\$240,580,860
EXPENDITURES	(238,469,317)	(229,104,081)	(213,985,196)
NET REVENUE	25,790,134	22,987,609	26,595,664
Financing & Transfers			
Decrease in costs to be recovered	\$(9,466,959)	\$(8,197,123)	\$(7,546,267)
Transfer to Reserve and Reserve Funds	(4,459,150)	(5,402,824)	(9,747,505)
Transfer to Capital Fund	(11,833,002)	(11,395,226)	(10,052,384)
	(25,759,111)	(24,995,173)	(27,346,156)
CHANGE IN FUND BALANCES	31,023	(2,007,564)	(750,492)
SURPLUS-BEGINNING OF YEAR	962,273	2,969,837	3,720,329
SURPLUS-END OF YEAR	\$993,296	\$962,273	\$2,969,837

The 2008 Actual column shows a surplus at the end of the year amounting to \$993,296. This surplus ties into the fund balance: to be used to offset taxation or user charges in subsequent years, as shown in Figure 1 on page 3 of this report. As mentioned previously, Budget & Performance Services has a report dealing with the final distribution of the 2008 surplus also on the Council agenda.

The Consolidated Schedule of Capital Fund Activities is found on page 22 of the financial statement package. Figure 5 below is a summary of this schedule.

Figure 5 - Consolidated Schedule of Capital Fund Activities			
	2008 Actual	2007 Actual	2006 Actual
REVENUES	\$43,001,878	\$17,955,876	\$28,727,310
EXPENDITURES	(43,232,872)	(42,037,950)	(51,476,952)
NET EXPENDITURES	(230,994)	(24,082,074)	(22,749,642)
FINANCING and TRANSFERS			
Proceeds of Long Term Debt	0	9,398,000	6,137,771
Transfer from Reserve & Reserve Funds	(11,715,342)	4,283,494	1,505,996
Transfer from Operating Fund including lifecycle	11,833,002	11,395,226	10,052,384
	117,660	25,076,720	17,696,151
CHANGE IN FUND BALANCES	(113,334)	994,646	(5,053,491)
CAPITAL FUND BALANCE – BEGINNING OF YEAR	(32,875,440)	(33,870,086)	(28,816,595)
CAPITAL FUND BALANCE – END OF YEAR	⁶ (32,988,774)	⁶ (32,875,440)	⁶ (33,870,086)
APPROVED DEBENTURING PLANNED	32,988,774	32,875,440	33,870,086
SURPLUS – YEAR END	0	0	0

The budgets established for capital fund operations are done on a project-oriented basis. Costs may be incurred over one or more years and, therefore, may not be comparable with current year budget allocations. Projects undertaken for, and assessed to landowners and developers are approved outside the annual budget process.

⁶ The difference between amounts on Figure 1, page 3 (Capital Operation) and figure 5, page 8 (Capital Fund Activities) is due to unfinanced local improvements receivable for capital projects on the tax roll.

	2008	2007	2006
Capital Operations not financed (figure 1 page 3)	\$30,401,988	\$29,806,588	\$33,520,006
Local improvements not financed	\$2,586,786	\$3,068,852	\$350,080
Capital fund balance (figure 5 page 8)	\$32,988,774	\$32,875,440	\$33,870,086

In Figure 5 above, the 2008 Actual Capital unfinanced fund balances at the end of the year totals (\$32,988,774). This amount is comprised of the following:

	2008	2007	2006
Capital Work to be Financed	(millions)		
Public Utility Projects	(\$21.1)	(\$19.4)	(\$22.0)
Roads & Bridges	(\$11.0)	(\$4.6)	(\$3.4)
Industrial Properties	(\$8.6)	(\$7.9)	(\$9.4)
Drainage Work in Progress	(\$4.1)	(\$3.8)	(\$3.7)
Riverview Gardens	(\$1.2)	(\$1.2)	\$0.5
Capital Work Financed But Not Completed			
Capitol Theatre	\$6.3	\$0	\$0
Storm Sewers	\$0.9	\$1.0	\$0.7
Miscellaneous Projects (Net)	<u>\$3.3</u>	<u>\$2.1</u>	<u>\$1.8</u>
Subtotal	(\$35.5)	(\$33.8)	(\$35.5)
Unallocated Capital Funding	\$2.5	\$0.9	\$1.6
Year-end Capital Fund Balance (Figure 5)	(\$33.0)	(\$32.9)	(\$33.9)
Unfinanced Locals on Tax Roll	\$2.6	\$3.1	\$0.4
Capital Operations Not Financed ⁶	(\$30.4)	(\$29.8)	(\$33.5)

Local improvements recoverable from property owners are for capital projects benefiting and assessed to landowners, such as waterlines, wastewater, drainage, sidewalks and industrial parks.

The Consolidated Schedule of Reserves and Reserve Fund Activities is found on page 23 of the financial statement package. Note 14 of the audited financial statements itemizes the reserve and reserve funds. Attached as Appendix "B" is a list of Reserves and Reserve Funds.

Development Charges Act

Under section 43 of the *Development Charges Act, 1997*, the Treasurer is required to give Council a statement of activity for the Development Charges Reserve Fund. Figure 6 is a summary of the fund activity.

Figure 6 Development Charges Reserve Fund						
	2008			2007		
	Roads	Water	Sewer	Roads	Water	Sewer
Opening Balance	\$0	\$0	\$0	\$21,383	\$0	\$0
Contribution from developers	0	141,778	107,154	0	212,003	150,576
Interest Earned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	0	141,778	107,154	0	212,003	150,576
Use of funds:						
Development Charges Study	0			21,383		
Investment in Capital	<u>0</u>	<u>141,778</u>	<u>150,576</u>	<u>0</u>	<u>212,003</u>	<u>150,576</u>
	0	141,778	150,576	21,383	212,003	150,576
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0

Budget:

Budget figures provided as part of the Consolidated Statement of Financial Activities (pages 2 & 3 of the financial statement attachment) do not reflect the balanced 2008 Budget as approved by Council for the following reasons:

- Capital projects benefiting and assessed to landowners and developers, such as water, wastewater, drainage and industrial lands are not part of the annual budget process
- Under PSAB standards, transfers to/from reserves/capital are not considered as a source of expense/revenue for Municipal activities

Public Utilities Commission

PUC operations are integrated into those of the Municipality. Its activities are audited along with municipal operations. Separate financial statements are prepared and presented annually to the Commission. A summary statement for 2008 is presented below along with 2007.

As at December 31	Water		Wastewater	
	2008	2007	2008	2007
Revenues	\$14,942,932	\$15,541,846	\$10,664,548	\$10,247,315
Expenditures	<u>16,767,862</u>	<u>16,082,826</u>	<u>11,607,007</u>	<u>10,699,389</u>
Net Income	(1,824,930)	(540,980)	(942,459)	(452,074)
Reserve Fund Balance (End of Year)	<u>\$1,043,766</u>	<u>\$1,977,373</u>	<u>\$2,314,397</u>	<u>\$2,000,167</u>

Changes in Accounting Policies Occurring During 2008

Bloomfield Industrial Park

Accounting treatment respecting the Bloomfield Industrial Park (BIP) changed beginning in 2008. Prior practice capitalized (against the value of the project) any portion of the interest on the outstanding debt that was not covered by lot sales and corresponding tax revenues. In 2008 this amount was \$322,720. Due to BIP sales not meeting the financing targets, the Budget & Performance Services 2008 variance report is recommending that part of the surplus be used to fund this amount. This situation will be reviewed annually and applicable recommendations will be made for Council's consideration.

PSAB 3150 – Tangible Capital Assets

The account format of the financial statements will change beginning for 2009 to comply with updated Public Sector Accounting Board Standards (PSAB). Currently the net financial position is reported as a deficit. Next year the net financial position is expected to be a surplus. This is principally the result of a change in treatment of capital expenditures. The change will bring municipal financial statements in line with those of the private sector. Capital assets will be depreciated over the expected life span, with the balance being recorded as an asset. Previously capital assets were expensed as they were built or purchased. This treatment will not change the amount of tax dollars required to meet the cash flow requirements of the municipality. It is our intention to bring a restated 2008 financial statement back to Council in the last quarter of 2009 to demonstrate the impact on financial statement presentation resulting from the implementation of the new PSAB requirements.

PSAB 2700 – Segment Reporting

For the 2008 financial statements, municipalities are required to publish an additional schedule illustrating the breakdown of expenditures by major segment. This is included on page 24 of the financial statements.

Municipal Leasing:

Under regulation 266/02 of the Municipal Act, Council established a financial leasing policy by which the Treasurer shall report annually to Council the impact on municipal finances of financial leases.

Financial leases are a form of indebtedness that if material, can impact on the municipal annual debt repayment limit.

Under the leasing policy:

Section 1. Any lease or cumulative group of leases that exceeds a term of one year

that is entered into by the Municipality, being in effect at any one time, shall be considered material if collectively all leasing payments incurred in any calendar year exceeds 2% of the Municipal Annual Debt Repayment Limit as determined by the Treasurer.

Once the 2% limit has been exceeded all leases subsequently entered into by the Municipality shall be considered material.

Section 3. Leasing done for any of the following reasons with a lease term exceeding, or expected to exceed, one year shall be considered a “reportable” lease for the purpose of this policy:

- Capital items leased as a form of financing
- Like equipment with a leased value exceeding \$10,000 annually
- Goods or services only available through lease where collectively lease payments exceed \$20,000 annually
- Leases entered into following a buy verses lease analysis for any property and for any amount

Where, in the opinion of the Treasurer, a lease meets the criteria under this policy as “reportable” or, where the Director of Legal Services considers a lease reportable for any other reason, Council reports dealing with leasing shall be reviewed and commented on, in the body of the report, by the Treasurer and (as appropriate) by the Director of Legal Services.

<u>Materiality Calculations</u>	
Annual Debt Limit (December 31, 2008)	⁷ \$25,495,877
2% of this limit (established by policy)	509,917
Financial Lease Payments 2008	
Fleet	217,949
Copiers	<u>177,328</u>
Total	\$395,277

The municipality does not often use financial leases, as the cost of other forms of indebtedness is more advantageous. Because 2008 financial lease payments are less

⁷ 2008 Annual Debt Limit Calculation

1 Gross Debt Charges		
	Principal	\$ 11,391,547
	Interest	\$ 6,514,969
	Subtotal	\$ 17,906,516
2 OCWA		-
3 Long term commitments		\$ 300,000
4 Debt Charges for Lease Purchases		-
5 SUBTOTAL DEBT CHARGES		\$ 18,206,516
6 Debt Charges for Utilities		-
7 Downtown Revitalization Loans		-
8 Tile Drainage & Shoreline Assistance		\$ 604,727
9 SUBTOTAL TO BE EXCLUDED		\$ 604,727
10 NET DEBT CHARGES		\$ 17,601,789

11 Total Revenue Fund Revenues	\$263,944,277
12 Downtown Revitalization Loan payments from above	-
13 Drainage/shoreline fees	\$ 604,727
14 Grants from other governments	
Ontario	\$ 87,923,231
Canada	\$ 2,900,822
Other Municipalities	\$ 124,832
Total Grants from Governments	\$ 90,948,885
15 Joint Board Fees	-
Amounts to be deducted from revenue	\$ 91,553,612
16 Net Revenue Fund Funds	\$172,390,665
17 25% of net revenue fund	\$ 43,097,666
18 Annual Repayment Limit 25% of item #17 less net debt charges #10	\$ 25,495,877

At existing interest rates, the Municipality has the capacity to borrow an additional \$280 million with repayment amortized over 20 years.

than 2% of the annual repayment limit established by the Province under regulation 403/02, the value of the leases is not considered material under the financial leasing policy and therefore, will not be deducted from the municipal annual repayment limit for 2008.

COMMUNITY STRATEGIC PLAN

The recommendation in this report supports the following objective and strategic direction:

B: Economy – We are a prosperous community

B1: Promote and market Chatham-Kent

Desired Outcomes/Proposed Activities

- Chatham-Kent to be recognized as a municipal leader in responsible fiscal management through manageable tax rate changes and sustainable fiscal planning.

The recommendation will not adversely impact on the remainder of the Community Strategic Plan.

CONSULTATION

Prior to finalization of the published statements, all departments reviewed their respective areas. The external auditor has concluded a review of the records of the Corporation and has issued an unqualified audit opinion on the basis of this review. This means that there were no significant internal financial control weaknesses or material errors noted during the audit.

FINANCIAL IMPLICATIONS

The accumulated Municipal surplus of \$733,001 was addressed in a separate Budget & Performance Services report presented to Council. The cost of the external audit is part of the approved annual budget.

The audit is performed annually in accordance with Section 296 of the Municipal Act. As part of this review, the auditor:

- Reviewed the accounts and transactions of the Municipality and expressed an opinion.
- Performed duties as required under the Municipal Act and as directed by Council.

A Request for Proposal for Auditing Services was awarded in 2008. The 2008 audit was the first in a five year term.

Prepared by:

Reviewed by:

Gord Quinton, BA, CGA
Supervisor, Accounting Operations

Stuart Wood, CMA
Director, Financial Services/Treasurer

Reviewed by:

Reviewed by:

Gerry Wolting, B.Math, CA.
General Manager
Corporate Services

Rob Browning
Chief Administrative Officer

c.

Attachment(s) – Appendix “A” – Consolidated Financial Statements of the Corporation
of the Municipality of Chatham-Kent
– Appendix “B” – Chatham-Kent Summary of Reserves

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Consolidated financial statements of

**The Corporation of the
Municipality Of Chatham-Kent**

December 31, 2008

The Corporation of the Municipality Of Chatham-Kent

December 31, 2008

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MUNICIPALITY OF CHATHAM-KENT

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Auditors' report

To the Members of Council, and the Citizens of the
Corporation of the Municipality of Chatham-Kent

We have audited the consolidated statement of financial position of the Corporation of the Municipality of Chatham-Kent as at December 31, 2008 and the consolidated statements of financial activities and of changes in financial position for the year then ended. These financial statements are the responsibility of the Municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 the 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, 2008 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
May 15, 2009

The Corporation of the Municipality of Chatham-Kent

Consolidated statement of financial activities
year ended December 31, 2008

	2008 Budget	2008 Actual	2007 Actual
	\$	\$	\$
	(unaudited)		
Revenues			
Taxation and user charges			
Property taxation	147,006,186	147,049,473	141,161,506
Payments in lieu of taxes from other governments	3,164,922	3,489,756	2,946,336
User charges	50,092,274	48,512,864	49,120,554
	200,263,382	199,052,093	193,228,396
Deduct amounts received or receivable for			
School Boards	(33,363,104)	(33,363,104)	(33,497,893)
	166,900,278	165,688,989	159,730,503
Grants			
Government of Canada	7,389,186	7,474,686	5,250,072
Province of Ontario	106,433,976	118,354,021	83,940,636
	113,823,162	125,828,707	89,190,708
Other			
Investment income	3,697,989	4,438,343	5,196,432
Penalties and interest on taxes	1,300,000	1,179,194	1,446,194
Contributions from landowners and developers	7,852,144	5,650,626	9,699,656
Sale of land and equipment	945,500	1,057,835	2,205,421
Provincial offences administration	2,062,500	2,348,349	1,769,799
Other	2,309,778	2,795,886	2,568,754
	18,167,911	17,470,233	22,886,256
Total revenue	298,891,351	308,987,929	271,807,467

The Corporation of the Municipality of Chatham-Kent

Consolidated statement of financial activities
year ended December 31, 2008

	2008 Budget	2008 Actual	2007 Actual
	\$	\$	\$
	(unaudited)		
Expenditures			
Current operations			
General government	2,733,644	2,836,732	3,009,384
Protection of persons and property	43,304,588	44,136,590	43,297,464
Transportation services	25,911,623	27,989,252	25,618,210
Environmental services	29,892,613	28,172,711	26,864,814
Health services	19,751,088	19,443,224	18,411,956
Social and family services	76,286,620	79,267,284	76,470,962
Social housing	11,284,815	10,658,408	10,078,029
Recreation and cultural services	17,496,343	17,222,041	17,352,464
Planning and development	8,612,950	8,743,075	8,000,798
Decrease (increase) in unfinanced local improvements on tax roll	-	482,066	(2,718,772)
	235,274,284	238,951,383	226,385,309
Capital			
General government	590,000	556,697	882,010
Protection of persons and property	976,700	1,047,947	2,352,151
Transportation services	22,180,000	21,760,731	16,662,380
Environmental services	12,555,000	12,656,574	10,216,050
Health services	333,600	414,161	665,956
Social and family services	-	-	343,998
Social housing	98,690	98,691	5,170,000
Recreation and cultural services	1,795,000	2,084,310	369,085
Planning and development	5,082,000	4,613,762	5,376,320
	43,610,990	43,232,873	42,037,950
Total expenditures	278,885,274	282,184,256	268,423,259
Net revenue			
before other items	20,006,077	26,803,673	3,384,208
Other items			
Income from subsidiary	-	3,356,710	3,530,075
Net revenue	20,006,077	30,160,383	6,914,283
Increase (decrease) in costs to be recovered (Note 13)	(10,939,675)	(9,466,959)	1,200,877
Change in fund balances	9,066,402	20,693,424	8,115,160

The Corporation of the Municipality of Chatham-Kent

Consolidated statement of financial position
as at December 31, 2008

	2008	2007
	\$	\$
Assets		
Financial		
Cash	61,829,827	39,546,682
Taxes receivable	8,671,726	9,172,101
Accounts receivable	13,715,577	14,639,948
Investment in Chatham-Kent Energy Inc. (Note 2)	36,627,411	34,791,702
Note receivable from Chatham-Kent Energy Inc. (Note 3)	23,523,326	23,523,326
Other assets	1,082,907	718,473
Unfinanced local improvements on tax roll (Note 11)	2,586,786	3,068,852
	148,037,560	125,461,084
Non-financial		
Prepaid expenses	1,651,484	1,424,055
Inventory	70,130	79,121
	1,721,614	1,503,176
	149,759,174	126,964,260
Liabilities		
Accounts payable and accrued liabilities	27,941,778	26,235,192
Accrued interest (Note 10)	1,911,156	2,078,687
Accrued employee benefits (Note 5)	24,944,428	23,268,897
Current note payable	100,000	100,000
Deferred revenue (Note 7)	17,452,532	16,992,914
	72,349,894	68,675,690
Debentures outstanding (Note 8)	146,980,285	157,919,958
Long term note payable (Note 8)	400,000	500,000
	147,380,285	158,419,958
Fund balances at the end of the year		
To be used to offset taxation or user charges in subsequent years (Note 12)	993,296	962,273
Capital operations not permanently financed (Note 11)	(30,401,988)	(29,806,588)
Reserves (Note 14)	67,444,729	48,407,022
Reserve funds (Note 14)	2,943,923	2,559,539
Chatham-Kent Energy Inc, net equity (Note 2)	60,642,698	58,806,988
Fund balances	101,622,658	80,929,234
Amounts to be recovered (Note 13)	(171,593,663)	(181,060,622)
Net financial position	(69,971,005)	(100,131,388)
	149,759,174	126,964,260

The Corporation of the Municipality of Chatham-Kent

Consolidated statement of changes in financial position
year ended December 31, 2008

	2008	2007
	\$	\$
Operating activities		
Net revenue	30,160,383	6,914,283
Uses:		
Increase in other assets	364,434	42,927
Increase in prepaid expenses	227,429	366,846
Decrease in accrued interest	167,531	190,143
	759,394	599,916
Sources:		
Decrease in taxes receivable	500,375	(1,066,351)
Decrease in accounts receivable	924,371	546,382
Decrease in unfinanced local improvements on tax roll	482,066	(2,718,772)
Decrease in inventory	8,991	15,647
Increase in accounts payable and accrued liabilities	1,706,586	771,750
Increase in accrued employee benefits	1,675,531	2,194,428
Increase in deferred revenue	459,618	5,577,223
	5,757,538	5,320,307
Net increase in cash from operations	35,158,527	11,634,674
Investing activities		
Investment in Chatham-Kent Energy Inc.	(1,835,709)	(2,280,075)
Net decrease in cash from investing activities	(1,835,709)	(2,280,075)
Financing activities		
New debt issued	-	9,398,000
Note payable repayment	(100,000)	(100,000)
Long-term debt repayment	(10,939,673)	(10,182,758)
Decrease in short term capital loan	-	(2,183,700)
Net increase in cash from financing	(11,039,673)	(3,068,458)
Net change in cash	22,283,145	6,286,141
Cash position, beginning of year	39,546,682	33,260,541
Cash position, end of year	61,829,827	39,546,682

The Corporation of the Municipality Of Chatham-Kent

Notes to the consolidated financial statements

December 31, 2008

1. Accounting policies

The consolidated financial statements of the Municipality are the representation of management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipality are as follows:

Basis of consolidation

Consolidated entities

These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund, reserve funds and reserves and include the activities of all committees of Council and the following local boards and municipal entities which are under the control of Council:

Chatham-Kent Public Libraries
Chatham-Kent Museums
Public Utilities Commission for the Municipality of Chatham-Kent - Water / Wastewater Division
Chatham-Kent Police Services Board
Chatham-Kent Board of Health

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

Subsidiary

Chatham-Kent Energy Inc. is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Municipality, and inter-organizational transactions and balances are not eliminated.

Accounting for school board transactions

The taxation and other revenues with respect to the operations of the school boards are reflected in the Consolidated Statement of Financial Activities but with no effect on Municipal Fund balances since the total is shown as a deduction.

In addition, the expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements except to the extent that any over levies are reported on the Consolidated Balance Sheet as "other current liabilities".

Trust funds

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the Trust Funds Statement of Continuity and Balance Sheet.

The Corporation of the Municipality Of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2008

1. Accounting policies (continued)

Basis of accounting

Accrual basis of accounting

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

Fund accounting

Funds within the consolidated financial statements consist of current (operating) fund, capital fund and reserve and reserve funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.

The current or operating fund reflects the financial activities associated with the provision of municipal government services.

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

The reserves and reserve fund reflects funds authorized by Council to be set aside for the funding of future operating or capital expenditures.

Tangible capital assets

Effective January 1, 2007 the Municipality adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants (CICA) with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on Jan 1, 2009.

During 2008, the Municipality continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008 the Municipality has prepared a listing and value of most assets, as well as draft accounting policies and procedural documents. The Municipality will be able to complete any remaining tasks in adequate time to allow for the recognition of tangible capital assets on the consolidated statement of financial position for the year ending December 31, 2009.

As of January 1, 2008, tangible capital assets including assets held under capital leases are recorded at cost in the period they are acquired and recorded as an expenditure within the operational or capital fund. Works of art for display are not included as capital assets. Certain capital assets for which historical cost information is not available have been recorded at fair market value discounted by a relevant inflation factor.

The Corporation of the Municipality Of Chatham-Kent

Notes to the consolidated financial statements

December 31, 2008

1. Accounting policies (continued)

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.

Investment income

Investment income earned on surplus current, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of deferred revenue.

Management estimates

The preparation of these financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 reporting period. Actual results could differ from those estimates.

2. Investment in Chatham-Kent Energy Inc.

Chatham-Kent Energy Inc. ("the Company") and its wholly-owned subsidiaries, Chatham-Kent Hydro Inc. and Chatham-Kent Utility Services Inc., were incorporated September 22, 2000 under the *Business Corporations Act (Ontario)*.

The Company also has a wholly-owned subsidiary, Middlesex Power Distribution Corporation, which it purchased 100% of the outstanding common shares on June 30, 2005.

The Company is owned 90% by the Municipality of Chatham-Kent and 10% by Corix Utilities.

The principal activity of the Company and its subsidiaries is to distribute electricity to customers within the Municipality of Chatham-Kent, Township of Strathroy-Caradoc and the Municipality of North Middlesex, under the license issued by the Ontario Energy Board ("OEB"). Other activities of the Company, and its subsidiaries, are to provide energy services, meter services, and street lighting services.

Under a Municipality by-law, dated September 5, 2000, the former Public Utilities Commission of the Municipality of Chatham-Kent – Electrical Division and the Municipality transferred the assets, liabilities and employees associated with the distribution of electricity at book value effective October 1, 2000. The book value of the net assets transferred to the Company at October 1, 2000 was \$47,379,123. In consideration for the transfer the Company issued long-term notes payable to the Municipality in the aggregate principal amount of \$23,523,326 together with shares valued at \$23,855,798.

The incorporation and subsequent reorganization was required by provisions of Bill 35, *The Energy Competition Act, 1998* enacted by the Province of Ontario to introduce competition in the electricity market.

In 2008 the Company issued 222 common shares to Corix which represents a 10% ownership.

The Corporation of the Municipality Of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2008

2. Investment in Chatham-Kent Energy Inc. (continued)

The municipality has provided the Independent Electricity System Operator with a guarantee for the Prudential Support Obligation as required providing assurance of payment for electricity purchased.

The following table provides condensed supplementary consolidated financial information for the Company and its subsidiaries for the year ended December 31:

	2008	2007
	\$	\$
Financial position		
Assets		
Current	28,231,086	23,083,464
Capital	55,441,283	53,545,846
Other	5,124,119	6,410,251
Total assets	88,796,488	83,039,561
Liabilities		
Current	16,454,943	16,640,868
Notes payable to Municipality of Chatham-Kent	23,523,326	23,523,326
Other	8,960,487	8,083,665
Total liabilities	48,938,756	48,247,859
Equity		
Share capital	26,882,150	23,855,798
Retained earnings	12,975,582	10,935,904
Total equity	39,857,732	34,791,702
Total liabilities and equity	88,796,488	83,039,561
Change in retained earnings	2,039,678	2,280,075
Municipality of Chatham-Kent's investment represented by:		
Investment in shares of the Corporation	23,855,798	23,855,798
Accumulated profit and loss less dividends received	12,771,614	10,935,904
	36,627,412	34,791,702
Corix Utilities' investment represented by:		
Investment in shares of the Corporation	3,026,352	-
Accumulated profit and loss less dividends received	203,968	-
	3,230,320	-

The Corporation of the Municipality Of Chatham-Kent

Notes to the consolidated financial statements

December 31, 2008

2. Investment in Chatham-Kent Energy Inc. (continued)

(a) *Equity in Chatham-Kent Energy Inc.*

	2008	2007
	\$	\$
Balance, beginning of year	58,806,988	56,526,913
Changes during the year		
Net earnings for the year	3,356,710	3,530,075
Dividends paid	1,521,000	1,250,000
Balance, end of year	60,642,698	58,806,988

(b) *Related party transactions and balances*

The following summarizes the Corporation's related party transactions with Chatham-Kent Energy Inc. for the year ended December 31, 2008 and December 31, 2007 and the balances at December 31, 2008 and December 31, 2007:

	2008	2007
	\$	\$
<i>Transactions</i>		
Revenue		
Administrative services	616,694	604,157
AM-FM	119,002	80,801
Interest on promissory note	1,654,320	1,654,320
Expenses		
Energy purchases (at commercial rates)	4,467,487	4,727,568
Billing and collection services - water/wastewater	1,976,887	1,895,178
Streetlight maintenance	196,152	121,721
	(4,250,510)	(4,405,189)
<i>Balances</i>		
Amounts due from Chatham-Kent Energy Inc.		
Promissory note receivable	23,523,326	23,523,326
Accounts receivable	3,246,631	3,580,718

3. Notes receivable

Notes receivable are due from Chatham-Kent Hydro Inc. with no set repayment terms and interest payable monthly at 7.04%. The Municipality received an interest payment in the current year of \$1,654,320 (2007 - \$1,654,320).

The Corporation of the Municipality Of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2008

4. Trust funds

Trust funds administered by the Municipality amounting to \$4,489,686 (2007 - \$4,483,511) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

5. Accrued employee benefits

The Municipality has accrued employee benefits as follows:

	2008	2007
	\$	\$
Employee future benefits	18,590,834	17,747,222
Workplace safety and insurance obligations	3,656,818	2,520,434
Vested sick leave	153,159	153,159
Vacation credits	2,543,617	2,848,082
	24,944,428	23,268,897

The accrued benefits above are described as follows:

(a) Employee future benefits

The Municipality pays certain medical and life insurance benefits on behalf of its retired and current employees. The accrued benefit liability at December 31, 2008 of \$18,590,834 (2007 - \$17,747,222) was determined by actuarial valuation using a discount rate of 7.00% (2007 - 5.25%).

Information about the Municipality's life and health plan is as follows:

	\$
Accrued benefit liability as at January 1, 2008	17,747,222
Expense for the period	1,540,401
Benefits paid during the period	(696,789)
<u>Estimated accrued benefit liability as at December 31, 2008</u>	<u>18,590,834</u>

The main actuarial assumptions employed for the valuation are as follows:

(i) General inflation

Future inflation levels, as measured by changes in the Consumers Price Index ("CPI"), were assumed to be 2.5% in 2008 and thereafter.

(ii) Interest (discount) rate

The present value as at December 31, 2008 of the future benefits was determined using a discount rate of 7%. The expense for the year ended December 31, 2008, was determined using a discount rate of 5.25%. This corresponds to the assumed CPI rate plus as assumed rate of return of 2.75%.

The Corporation of the Municipality Of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2008

5. Accrued employee benefits (continued)

(iii) Health costs

Drug costs were assumed to increase at CPI + 7.5% per year grading down to CPI + 1% over 10 years. Other health costs were assumed to increase at the CPI rate plus 1% for 2008 and thereafter.

(iv) Dental costs

Dental costs were assumed to increase at the CPI rate plus 1% for 2008 and thereafter.

(b) Workplace safety & insurance obligations

Effective January 1, 2001, the corporation became a Schedule II employer under the Workplace Safety and Insurance Act and follows a policy of self insurance for some of its employees. The corporation remits payments to the Workplace Safety & Insurance Board (WSIB) as required to fund disability payments. The estimated future liability relating to WSIB amounted to \$3,656,818 (2007 - \$2,520,434) and an accrual has been booked for 2008. A Workplace Safety and Insurance Reserve, funded by annual contributions from the Operating Fund, has also been established to protect against any unknown future liability, and has a balance of \$1,076,117 (2007 - \$1,142,106). The corporation also maintains an insurance policy, which protects the corporation against financial exposure to a catastrophic loss in excess of \$1,000,000.

(c) Vested sick leave

Under some of the pre-amalgamation municipal sick leave benefit plans, unused sick leave could accumulate and employees may become entitled to a cash payment when they leave the municipality's employment. The Municipality has not offered vested sick leave and thus the amounts will no longer accumulate.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to \$153,159 (2007 - \$153,159) at the end of the year and is reported as an accrued liability on the Consolidated Statement of Financial Position. An amount of \$NIL (2006 - \$NIL) was paid to employees who left the Municipality's employment during the current year.

(d) Vacation credits

Under the provisions of certain employee vacation plans, some vacation credits are earned as at December 31 but are generally unavailable for use until a later date. In addition, the provisions of certain plans allow the accumulation of vacation credits for use in future periods. The approximate value of these credits as at December 31, 2008 is \$2,543,617 (2007 - \$2,848,082) and is reported as an accrued liability on the Consolidated Statement of Financial Position.

Funding for these benefits will be provided through taxation in the year of disbursement.

The Corporation of the Municipality Of Chatham-Kent

Notes to the consolidated financial statements

December 31, 2008

6. Pension agreement

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS) which is a multi-employer plan, on behalf of the 1,273 (2007 - 1,240) members of its staff. 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. Contributions were made in the 2008 calendar year at rates ranging from 6.5% to 10.7% depending on the member's designated retirement age and level of earnings. The amount contributed to OMERS for 2008 was \$5,426,318 (2007 - \$5,068,147) for current service and this is included on the Consolidated Statement of Financial Activities.

7. 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 possibly be refunded. The balances in the obligatory reserve funds of the Municipality are summarized as follows:

	2008	2007
	\$	\$
For building code act	400,324	465,280
For parkland purposes	113,051	109,758
For Federal gas tax	1,710,876	1,674,853
For Federal transit gas tax	65,463	64,599
For Provincial gas tax	2,693,478	2,096,775
Deferred revenue - obligatory reserve funds	4,983,192	4,411,265
Other deferred revenue		
Deferred taxes	873,673	1,082,714
Deferred grants	10,178,264	10,335,928
Other	1,417,403	1,163,007
Total deferred revenue	17,452,532	16,992,914

The Corporation of the Municipality Of Chatham-Kent

Notes to the consolidated financial statements

December 31, 2008

8. Net long-term liabilities

- a) The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2008	2007
	\$	\$
Total long-term liabilities incurred by the Municipality including those incurred on behalf of former municipalities and municipal enterprises and outstanding at the end of the year amount to	149,828,742	160,770,689
Of the long-term liabilities shown above, the Municipality is contingently liable for long-term liabilities with respect to tile drainage and shoreline property assistance loans. The responsibility for payment of principal and interest charges has been assumed by individual landowners.	(2,448,457)	(2,350,731)
Net long-term liabilities at the end of the year	147,380,285	158,419,958

- b) Principal due on net long-term liabilities reported in a), is summarized as follows:

	2009 to 2013	2014 to 2018	2019 and Thereafter
From general municipal revenue	16,313,520	13,147,370	17,577,659
From benefiting landowners	18,369,389	7,035,257	6,958,380
From benefiting water ratepayers	15,510,683	9,389,018	14,219,938
From benefiting wastewater ratepayers	9,106,867	8,005,915	11,746,289
	59,300,459	37,577,560	50,502,266

- c) Included in the principal amount in a) is \$11,659,971 (2007 - \$12,087,114) related to the Non-Profit Social Housing division.
- d) All net long-term liabilities on the Consolidated Statement of Financial Position are payable in Canadian dollars.
- e) The long-term liabilities listed in a) were issued in the name of the Municipality or former municipalities and approved by Council have received approval of the Ontario Municipal Board prior to January 1, 1993. Those issues approved by Council after December 31, 1992 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.
- f) Included in the principal amount listed in a) above are three demand loans issued to the Canadian Imperial Bank of Commerce in the amount of \$7,938,701 (2007 - \$9,035,322), \$6,593,921 (2007 - \$7,511,116) and \$1,089,524 (2007 - \$1,318,189) respectively.

The Corporation of the Municipality Of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2008

8. Net long-term liabilities (continued)

- g) Included in the principal amount listed in a) above is a non-interest bearing note payable due to St. Joseph Health Services Association of Chatham in the amount of \$400,000 (2007 - \$500,000). The note has fixed annual payments of \$100,000.

9. Charges for net long-term liabilities

Total activity for the year for net long-term liabilities which are reported on the Consolidated Statement of Financial Activities are as follows:

	2008	2007
	\$	\$
Beginning balance	158,419,958	159,304,716
Principal payments	(11,039,673)	(10,282,758)
New debt issued	-	9,398,000
Ending balance	147,380,285	158,419,958

Net interest payments related to long-term liabilities in the current year were \$6,362,117 (2007 - \$6,469,875).

10. Accrual of interest on net long-term liabilities

A provision for the interest on long-term debt that has been accrued but not paid in the current year is estimated to be \$1,911,156 (2007 - \$2,078,687) and is reported as an accrued liability on the Consolidated Statement of Financial Position.

11. Capital operations not yet permanently financed

	2008	2007
	\$	\$
Unfinanced local improvements receivable for capital projects on tax roll		
Wastewater	2,515,035	3,013,383
Other	71,751	55,469
	2,586,786	3,068,852
Capital work in progress not financed	30,401,988	29,806,588
	32,988,774	32,875,440

The Corporation of the Municipality Of Chatham-Kent

Notes to the consolidated financial statements

December 31, 2008

12. Municipal fund balances

The accumulated Municipal surplus fund balance on the Consolidated Statement of Financial Position at the end of the year is comprised of the following:

	2008	2007
	\$	\$
For general reduction of current taxes	733,001	555,609
Prelevies for benefiting landowners	228,635	236,415
BIA	31,660	170,249
	993,296	962,273

13. Amounts to be recovered

	2008	2007
	\$	\$
Employee future benefits	17,894,282	17,036,296
Workplace safety and insurance obligations	3,656,818	2,520,434
Vacation pay	1,899,577	2,340,328
Interest on long-term liabilities	1,162,701	1,243,606
Debentures outstanding	146,980,285	157,919,958
	171,593,663	181,060,622

14. Reserves and reserve funds

The total balances of reserves and reserve funds are comprised of the following:

	2008	2007
	\$	\$
Reserves set aside for specific purposes by Council:		
For capital financing purposes	16,949,801	6,790,960
For acquisition of fixed assets	6,378,993	4,153,354
For public liability insurance	900,735	409,529
For lifecycle replacement	7,454,700	7,034,788
For various programs, facilities	30,421,457	23,949,446
For strategic and community development	1,980,880	2,091,405
For water	1,088,669	1,977,373
For wastewater	2,269,494	2,000,167
Total reserves	67,444,729	48,407,022
Reserve funds set aside for specific purposes by Council:		
For community investment	2,736,080	2,353,793
For parking purposes	207,843	205,746
Total reserve funds	2,943,923	2,559,539

The Corporation of the Municipality Of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2008

15. Self insurance

In recent years, there have been substantial increases in the premiums charged by the insurance industry for public liability insurance. As a result, the Municipality has undertaken some portion of the risk, which would normally have been covered by outside insurers.

The Municipality is self-insured for property damage claims up to \$100,000 for any individual claim. Outside coverage is in place for claims in excess of these limits.

The Municipality has made a provision for a reserve for self-insurance which as at December 31, 2008 amounted to \$900,735 (2007 - \$409,529) and is reported on the Consolidated Statement of Financial Position under reserves. The provision for the year of \$1,340,616 (2007 - \$809,896) has been reported as an expenditure on the Consolidated Statement of Financial Activities and \$67,020 (2007 - \$604,308) was transferred from Reserves.

Claims settled during the year amounted to \$916,430 (2007 - \$1,246,135) and have been provided from the reserve.

16. Provincial offences administration

The Ministry of the Attorney General requires the following disclosure of all municipal partners administering Provincial Offences Administration. The gross revenues collected at the Provincial Offences Court in 2008 were \$2,348,349 (2007 - \$1,769,799) and net revenue was \$893,214 (2007 - \$396,695).

17. Rent bank program

The Ministry of Municipal Affairs and Housing requires the following disclosure of activity relating to the Rent Bank Program. The following table provides financial information for the program for the year ended December 31:

	2008	2007
	\$	\$
Assets		
Cash	29,341	30,245
Liabilities		
Deferred revenue	29,341	30,245
	29,341	30,245

The Corporation of the Municipality Of Chatham-Kent

Notes to the consolidated financial statements

December 31, 2008

17. Rent bank program (continued)

	2008	2007
	\$	\$
Revenues		
Provincial subsidy	27,391	51,613
Loans repaid	980	1,124
Interest earned	926	1,975
	29,297	54,712
Expenditures		
Emergency benefit grants	22,937	36,237
Emergency benefit loans	4,160	9,113
Audit fees	2,200	2,200
Administrative charges	-	7,162
Total expenditures	29,297	54,712

18. Segmented information

The Municipality provides a diverse range of services to its citizens. The Consolidated Schedule of Segment Disclosure has grouped various services into segments to provide a further breakdown of the revenues and expenses attributable to each segment. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The services included in each segment are as follows:

General Government

General government is comprised of governance, corporate management and program support.

Protection Services

Protection is comprised of fire, police, conservation authority, protective inspection and control, emergency measures and provincial offenses.

Transportation Services

Transportation is comprised of roads, winter control, transit, parking, street lighting and air transportation.

Environmental Services

Environmental is comprised of storm sewer systems, waste collection, waste disposal, and recycling.

Health Services

Health is comprised of public health, hospital support, ambulance and cemeteries.

Social and Family Services

Social and family is comprised of Ontario Works, assistance to aged persons and child care.

Social Housing

Social housing provides for a variety of housing services.

The Corporation of the Municipality Of Chatham-Kent

Notes to the consolidated financial statements

December 31, 2008

18. Segmented information (continued)

Recreational and Cultural Services

Recreation and culture is comprised of parks, recreation programs, recreation facilities, libraries and cultural services.

Planning and Development

Planning and development is comprised of planning and zoning, commercial and industrial development, residential development, agricultural and reforestation, and tile drainage and shoreline assistance.

Water and Wastewater Services

Water and wastewater provides safe drinking water and collects and treats wastewater.

Other Funds and Corporations

Other funds and corporations is comprised of capital fund expenditures, penalties and interest on taxes, and revenue from subsidiaries.

19. Commitments

- a) The Municipality has entered into various contracts for equipment leases. The obligation over the remaining life of the leases are as follows:

2009	39,250
2010	39,250
2011	39,250
2012	39,250
2013	39,250
2014 to 2015	52,333
	<u>248,583</u>

- b) The Municipality has entered into several contracts for the provision of various services. The obligation over the remaining life of the contracts are:

	\$
2009	12,828,085
2010	4,687,635
2011	4,398,139
2012	4,126,075
2013	78,435
2014 to 2017	257,268
	<u>26,375,637</u>

The Corporation of the Municipality Of Chatham-Kent

Notes to the consolidated financial statements

December 31, 2008

19. Commitments (continued)

- c) The Municipality has entered into several other long-term commitments. The obligation over the remaining life of the contracts are:

	\$
2009	300,000
2010	300,000
2011	300,000
	<u>900,000</u>

- d) The Municipality has entered into an agreement to purchase the portion of the CSX railway located between the community of Wallaceburg and the community of Chatham. The obligation for the purchase is estimated to be approximately \$3,500,000 and will be finalized in 2009.

20. Budget figures

The approved operating and capital budgets are reflected on the Consolidated Schedules of Operating Fund Activities and Capital Fund Activities, and in the Consolidated Statement of Financial Activities for municipal projects. Those capital projects benefiting and assessed to landowners and developers, for example water, wastewater, drainage, and industrial lands, are not budgeted for. The budgets established for capital fund operations 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 amounts.

21. Contingent liabilities

From time to time, as is common with other municipalities, the Municipality is the subject of litigation. In the opinion of management, any litigation outstanding, if successful, would not have a material impact on the financial statements.

22. Subsequent event

Chatham-Kent's subsidiary, Chatham-Kent Energy Inc. was approved by the Ontario Energy Board for the purchase of Dutton Hydro Ltd. and Newbury Power Inc. on February 9, 2009. The transactions closed on April 30, 2009.

23. Comparative amounts

Comparative amounts have been reclassified from statements previously presented to conform to the presentation of the 2008 consolidated financial statements.

The Corporation of the Municipality of Chatham-Kent

Consolidated schedule of operating fund activities
year ended December 31, 2008

	2008 Budget \$ (Unaudited)	2008 Actual \$	2007 Actual \$
Revenues			
Property taxation	113,643,082	113,686,369	107,663,613
Payments in lieu of taxes from other governments	3,164,922	3,489,756	2,946,336
User charges	50,092,274	48,512,864	49,120,554
Government of Canada	2,818,986	2,904,422	3,078,435
Province of Ontario	86,296,031	87,923,231	80,986,123
Investment income	1,946,989	2,711,743	3,436,531
Penalties and interest on taxes	1,300,000	1,179,194	1,446,194
Contributions from landowners and developers	2,448,144	246,617	383,962
Provincial offences administration	2,062,500	2,348,349	1,769,799
Other revenues	927,278	1,256,906	1,260,143
	264,700,206	264,259,451	252,091,690
Expenditures			
General government	2,733,644	2,836,732	3,009,384
Protection to persons and property	43,304,588	44,136,590	43,297,464
Transportation services	25,911,623	27,989,252	25,618,210
Environmental services	29,892,613	28,172,711	26,864,814
Health services	19,751,088	19,443,224	18,411,956
Social and family services	76,286,620	79,267,284	76,470,962
Social housing	11,284,815	10,658,408	10,078,029
Recreation and cultural services	17,496,343	17,222,041	17,352,464
Planning and development	8,612,950	8,743,075	8,000,798
	235,274,284	238,469,317	229,104,081
Net revenue	29,425,922	25,790,134	22,987,609
Financing and transfers			
Decrease in costs to be recovered	(10,939,675)	(9,466,959)	(8,197,123)
Transfer to reserves and reserve funds	(7,577,213)	(4,459,150)	(5,402,824)
Transfer to capital fund	(11,054,077)	(11,833,002)	(11,395,226)
	(29,570,965)	(25,759,111)	(24,995,173)
Change in fund balances	(145,043)	31,023	(2,007,564)
Surplus - beginning of year	145,043	962,273	2,969,837
Surplus - end of year	-	993,296	962,273

The Corporation of the Municipality of Chatham-Kent

Consolidated schedule of capital fund activities
year ended December 31, 2008

	2008 Budget	2008 Actual	2007 Actual
	\$	\$	\$
	(Unaudited)		
Revenues			
Government of Canada	4,570,200	4,570,264	2,171,637
Province of Ontario	20,137,945	30,430,790	2,954,513
Contributions from landowners and developers	5,404,000	5,404,009	9,315,694
Sale of land and capital assets	945,500	1,057,835	2,205,421
Other revenues	1,382,500	1,538,980	1,308,611
	32,440,145	43,001,878	17,955,876
Expenditures			
General government	590,000	556,698	882,010
Protection to persons and property	976,700	1,047,947	2,352,151
Transportation services	22,180,000	21,760,730	16,662,380
Environmental services	12,555,000	12,656,574	10,216,050
Health services	333,600	414,160	665,956
Social and family services	-	-	343,998
Social housing	98,690	98,691	5,170,000
Recreation and cultural services	1,795,000	2,084,310	369,085
Planning and development	5,082,000	4,613,762	5,376,320
	43,610,990	43,232,872	42,037,950
Net expenditures	(11,170,845)	(230,994)	(24,082,074)
Financing and transfers			
Proceeds of long term debt	-	-	9,398,000
Transfer (to) from reserves and reserve funds	(1,000,503)	(11,715,342)	4,283,494
Transfer from operating fund	11,054,077	11,833,002	11,395,226
	10,053,574	117,660	25,076,720
Change in fund balances	(1,117,271)	(113,334)	994,646
Capital fund balance - beginning of year	(32,875,440)	(32,875,440)	(33,870,086)
Capital fund balance - end of year	(33,992,711)	(32,988,774)	(32,875,440)

The Corporation of the Municipality of Chatham-Kent

Consolidated schedule of reserves and reserve funds activities
year ended December 31, 2008

	2008 Budget	2008 Actual	2007 Actual
	\$	\$	\$
	(Unaudited)		
RESERVES			
Revenues			
Investment income	-	13,034	13,886
Transfers from (to) other funds			
Transfer from operating fund	10,690,366	7,309,331	8,157,546
Transfer from (to) capital fund	1,000,503	11,715,342	(4,283,494)
	11,690,869	19,024,673	3,874,052
Change in reserve balance	11,690,869	19,037,707	3,887,938
Reserve balance - beginning of year	48,407,022	48,407,022	44,519,084
Reserve balance - end of year	60,097,891	67,444,729	48,407,022
RESERVE FUNDS			
Revenues			
Investment income	1,751,000	1,713,565	1,746,015
Transfers from (to) other funds			
Transfer from Chatham-Kent Energy			
Inc. net equity	1,449,000	1,521,000	1,250,000
Transfer to operating fund	(3,113,153)	(2,850,181)	(2,754,722)
	(1,664,153)	(1,329,181)	(1,504,722)
Change in reserve fund balance	86,847	384,384	241,293
Reserve fund balance - beginning of year	2,559,539	2,559,539	2,318,246
Reserve fund balance - end of year	2,646,386	2,943,923	2,559,539

The Corporation of the Municipality of Chatham-Kent

Consolidated schedule of segment disclosure
year ended December 31, 2008

	General government	Protection services	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation and cultural services	Planning and development services	Water and wastewater services	Other funds and corporations	Eliminations	Consolidated
Revenues													
Taxation	2,404,025	42,430,264	26,380,987	4,602,177	7,137,699	23,267,416	4,733,287	12,457,400	6,554,872	-	-	(13,012,002)	117,176,125
Sales of service	155,051	679,151	746,943	2,803,987	791,197	6,573,751	2,192,512	4,217,671	1,444,188	24,940,556	-	-4,567,857	48,512,864
Government transfers	277,656	996,577	619,677	-	11,461,706	49,426,117	3,732,809	524,732	744,015	3,064	35,001,054	23,041,500	125,825,707
Income from subsidiary	-	-	-	-	-	-	-	-	-	-	3,356,710	-	3,356,710
Other	-	30,598	41,645	-	32,622	-	-	27,238	-	(2,271)	9,727,423	7,135,912	16,985,167
	2,836,732	44,136,590	27,989,252	6,806,164	19,443,224	79,267,284	10,658,408	17,222,041	8,743,075	24,941,349	48,085,187	21,733,267	311,862,573
Expenses													
Salaries and Benefits	12,798,442	34,570,185	9,362,420	845,985	7,241,027	25,273,355	1,186,662	8,465,135	3,123,012	5,930,066	10,696	-	108,806,985
Goods and Services	14,146,851	3,669,366	12,611,744	5,393,428	9,691,027	6,461,179	3,535,038	5,615,249	2,706,225	10,752,446	43,222,177	-	117,804,750
Interest	148,288	20,902	291,551	-	61,925	1,817,830	702,117	-	659,686	2,812,670	-	-	6,514,969
Transfers (to) from other segment	(24,266,567)	5,314,920	5,722,037	566,751	2,146,245	3,981,273	286,237	2,743,652	1,634,487	1,871,365	-	-	-
External transfers	10,118	561,217	1,500	-	303,090	41,733,647	4,948,334	398,005	619,665	-	-	-	48,575,486
	2,836,732	44,136,590	27,989,252	6,806,164	19,443,224	79,267,284	10,658,408	17,222,041	8,743,075	21,366,517	43,232,873	-	281,702,190
Net revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,574,802	\$ -4,852,314	\$ 21,733,267	\$ 30,160,383

Financial statements of

**The Corporation of the
Municipality of Chatham-Kent
- Public Libraries**

December 31, 2008



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Accountants' report

To the Members of Council and the Citizens of the
Corporation of the Municipality of Chatham-Kent

As requested by the Municipality of Chatham-Kent, we report that the schedule of Library financial activities for the Municipality of Chatham-Kent for the year ended December 31, 2008 agrees to financial information supporting the consolidated financial statements of the Municipality of Chatham-Kent for the year then ended, on which we issue our Auditors' Report dated May 15, 2009.

Our examination of the schedule for the year ended December 31, 2008 was not directed to the verification of financial information of the Libraries. We have not performed an audit of and accordingly do not express an opinion on the schedule referred to in the preceding paragraph.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants

May 15, 2009

The Corporation of the Municipality of Chatham-Kent

Schedule of Library financial activities year ended December 31, 2008

(Unaudited)

	2008	2007
	Actual	Actual
	\$	\$
Revenue		
Grants:		
Ministry of Citizenship and Culture/Recreation	221,373	221,373
Ministry of Community and Social Services	-	-
Other federal	1,226	1,120
Other provincial	74,570	48,317
Fees and fines	91,514	101,444
Donations	35,603	25,492
Other revenues	7,672	7,446
	431,958	405,192
Expense		
Wages and benefits	2,305,317	2,176,746
Building and maintenance costs	236,543	238,983
Materials	470,533	428,901
Miscellaneous	17,341	65,218
Supplies and equipment	203,202	291,920
Telephone charges	8,106	6,521
Travel and training	22,536	20,489
Van rental	10,520	11,151
	3,274,098	3,239,929
Excess of expense over revenue	2,842,140	2,834,737
Source of funding		
Municipality of Chatham-Kent share of expense over revenue	2,842,140	2,834,737



CHATHAM-KENT SUMMARY OF RESERVES

As At December 31, 2008

			Actuals Dec 31 2008	Actuals Dec 31 2007
Per Audited Financial Statements				
	Reserves		67,444,729	48,407,022
	Reserve Funds		2,943,923	2,559,539
	Deferred Revenue - Obligatory Reserve Funds		4,983,192	4,411,265
			<u>75,371,844</u>	<u>55,377,826</u>
Details				
		Assigned	70,306,218	50,758,087
		Mandated	5,065,626	4,619,738
			<u>75,371,844</u>	<u>55,377,826</u>
MANDATED:				
<u>Dept</u>	<u>Division</u>	<u>Details</u>		
HFS	Day Nursery (fundraising)	Chatham	5,938	5,912
HFS	Day Nursery (fundraising)	Wallaceburg	59	971
HFS	Home for the Aged	Bequests - Riverview Gardens	7,659	7,659
HFS	Ontario Work	Ontario Enhancement Fund	4,994	104,994
CDS	Building Code Act	Bill 124	400,325	465,280
CDS	Parkland		113,051	109,758
CDS	Library	Bequests	8,178	8,178
CDS	Library	Donations...general	10,564	10,564
CDS	Municipal Properties	Bothwell arena	0	25,021
CDS	Municipal Properties	Wheatley pool	45,043	45,043
IES	Transit	Prov Gas Tax:	2,693,479	2,096,775
IES	Infrastructure	Fed Gas Tax	1,710,876	1,674,853
IES	Transit	Fed public transit	65,463	64,599
General		Landmark (Wallaceburg)	0	132
TOTAL MANDATED:			5,065,626	4,619,738

CHATHAM-KENT SUMMARY OF RESERVES

As At December 31, 2008

			Actuals	Actuals
			Dec 31	Dec 31
			2008	2007
ASSIGNED:				
<u>Dept</u>	<u>Division</u>	<u>Details</u>		
Corp	Community Investment Fund		2,736,080	2,353,793
Corp	All Depts	Encumbrances from 06	865,430	1,224,676
Corp	In camera	Contract negotiations outstanding	14,589,838	12,730,822
Corp	Insurance Risk		900,735	409,529
Corp	Strategic	Master Plan Implementation	219,900	0
Corp	All Depts	Lifecycle - Computer Hardware	1,028,784	840,034
Corp	Lifecycle - Elections		174,601	88,593
Corp	WSIB Risk Reserve		1,076,117	1,164,084
Corp	Strategic Mngt Fund	Community Investment	279,627	303,818
Corp	Strategic	Strategic Development	743,377	669,927
Corp	Strategic	Community Improvement	424,467	522,375
Corp	Strategic	Reserve for Future Years	2,665,727	2,222,997
Corp	Strategic	Community Partnerships	189,465	231,139
Corp	Strategic	Property Dispositions	310,917	236,731
Corp	Strategic	Corporate Strategic Directions	87,926	328,029
Corp	Strategic	Investing in Ontario Act	9,704,478	0
CDS	Economic Development	General	36,116	36,116
CDS	Rec Facilities	Lifecycle - Recreation Arena	168,760	128,906
CDS	Rec Facilities	Recreation - other	30,421	20,785
CDS	Rec Facilities	Lifecycle - Recreation Indoor Pools Replace	129,439	186,714
CDS	Parks, Cemetery, Horticulture	Lifecycle - Recreation Playground Replace/mtce	40,291	(13,377)
CDS	Municipal buildings	Recreation - Kinsmen Auditorium	147,347	147,347
CDS	Parks, Cemetery, Horticulture	Lifecycle - Parks	337,323	197,579
CDS	Parks, Cemetery, Horticulture	Clearville Park	5,000	0
CDS	Parks, Cemetery, Horticulture	Lifecycle - Outdoor Pools	180,160	144,042
CDS	Parks, Cemetery, Horticulture	Lifecycle - Reforestation	190,864	209,063
CDS	Parks, Cemetery, Horticulture	Lifecycle - Trails	674,065	533,345
CDS	Parks, Cemetery, Horticulture	Cemetery	26,067	26,067
CDS	Building Enforcement & Licensing Services	Computer software	157,305	157,305
CDS	Building Enforcement & Licensing Services	Building Dept operation	270,500	270,500
CDS	Municipal buildings	Building lifecycle	1,873,056	2,434,524
FES	Ambulance	General	1,852,459	1,702,453
CS	Finance	Financial Software	295,731	277,300
CS	Human Resources	Software Development	107,262	89,222
CS	Info Tech	Lifecycle ITS - GIS system	142,711	75,133

CHATHAM-KENT SUMMARY OF RESERVES

As At December 31, 2008

			Actuals Dec 31 2008	Actuals Dec 31 2007
CS	Info Tech	ITS, Strategic Plan	193,868	136,483
CS	Info Tech	Lifecycle ITS - Web Lifecycle	371,503	297,242
CS	Info Tech	Lifecycle ITS - Copy/Printing Equipment	262,932	415,780
CS	Info Tech	Lifecycle ITS - Computer Hardware	144,532	155,081
CS	Info Tech	Lifecycle ITS - Computer Software	1,045,536	500,043
CS	Info Tech	Lifecycle ITS - Computer Network	204,061	31,046
CS	Info Tech	Lifecycle ITS - Telecommunications	171,695	118,322
CS	Info Tech	Lifecycle ITS - Applications	120,275	97,547
CS	Info Tech	ITS Web Computer Software	0	3,467
CS	Info Tech	Lifecycle ITS GIS Data	30,000	15,000
HFS	Senior Services	Capital	0	32,121
HFS	Senior Services	Homes Operational	403,509	142,079
HFS	Senior Services	RVG Vending Machines	29,233	29,233
HFS	Senior Services	Senior Centre Contingency	17,183	14,947
HFS	Senior Services	Homes WSIB	32,900	0
HFS	Ontario Works	Future Economic Downturns	1,851,042	1,851,042
HFS	Health Unit	CK portion	505,104	497,051
HFS	Social Housing	Social Housing Operation	2,499,588	2,075,373
HFS	Social Housing	Lifecycle-Social Housing Buildings	767,352	265,889
HFS	Social Housing	Lifecycle-Social Housing DOOR	267,800	492,347
HFS	Social Housing	Soc Ho Capital Repair Fund	573,887	0
HFS	Social Housing	Lifecycle-Social Housing -WHC	359,070	545,789
IES	Public Works	Gravel pit	0	16,008
IES	Public Works	Lifecycle Roads	3,397,016	0
IES	Public Works	Lifecycle Gravel	0	103,578
IES	Public Works	Lifecycle - Sidewalks	158	43
IES	Public Works	Lifecycle - Railways Crossing	331,261	281,061
IES	Public Works	MTO - Roads & Bridges grant	1,786,003	531,621
IES	Public Works	MTO - Move Ontario, Lifecycle phasein	98,787	1,152,787
IES	Public Works	Transit	1,388,167	1,107,513
IES	Public Works	Winter Control	580,242	605,040
IES	Public Works	Lifecycle- Storm Sewers	1,306,230	1,882,262
IES	Environmental	Agriculture Hazard Waste Days	30,000	30,000
IES	Parking	Chatham Downtown	207,843	205,746
Police	Police	Police Litigation	406,376	330,235
Police	Police	Police Services Board	141,877	108,940
PUC	Water		1,043,766	1,977,373
PUC	Wastewater		2,314,397	2,000,167
		Fleet(Ambulance, Police, Fire, Public works, other) :	4,760,678	2,760,260
TOTAL ASSIGNED:			70,306,218	50,758,087