

**CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

---

**CONTENTS**

Five Year Financial Review .....	1 - 2
Auditors' Report .....	3
Consolidated Statement of Financial Position .....	4
Consolidated Statement of Operations and Accumulated Surplus .....	5
Consolidated Statement of Cash Flow .....	6
Consolidated Statement of Change in Net Financial Assets .....	7
Notes to the Consolidated Financial Statements .....	8 - 19
Schedule 1 ► Continuity of Reserves and Reserve Funds .....	20
Schedule 2 ► Tangible Capital Assets .....	21 - 22
Auditors' Report ► Trust Funds .....	23
Trust Funds ► Statement of Financial Position and Statement of Financial Activities .....	24
Trust Funds ► Notes to the Financial Statements .....	25
Pinehurst Cemetery .....	26
Perth and District Union Public Library Board .....	27 - 37
Drummond/North Elmsley Tay Valley Fire Rescue .....	38 - 52

---

**Tay Valley Township  
Consolidated  
Financial Statements  
December 31, 2010**

**Tay Valley Township**  
**Five Year Financial Review**  
(not subject to audit)

<b>December 31</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Population</b> (Statistics Canada)	<b>6,000</b>	5,912	5,778	5,634	5,368
<b>Number of Households</b> (MPAC)	<b>3,825</b>	3,814	3,777	3,750	3,736
<b>Taxable Assessment</b> (000's)	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Residential and farm	<b>831,170</b>	761,827	697,864	693,933	683,004
Commercial and industrial	<b>40,894</b>	40,618	39,451	39,023	38,453
<b>Total</b>	<b>872,064</b>	802,445	737,315	732,956	721,457
Commercial, industrial as % of assessment	<b>4.70%</b>	5.10%	5.30%	5.30%	5.30%
<b>Rates of Taxation</b>					
Residential					
▸ for general municipal purposes	<b>0.413418</b>	0.433828	0.441727	0.423801	0.402609
▸ for county purposes	<b>0.443520</b>	0.456070	0.473258	0.446378	0.435415
▸ for school board purposes	<b>0.241000</b>	0.252000	0.264000	0.264000	0.264000
<b>Total</b>	<b>1.097938</b>	1.141898	1.178985	1.134179	1.102024
Multi-Residential (total)	<b>0.989964</b>	1.019971	1.006829	0.965970	0.917666
Commercial (total)	<b>0.646177</b>	0.668838	0.665595	0.638584	0.606650
Industrial (total)	<b>1.161869</b>	1.167345	1.227218	1.179994	1.138964
<b>Tax Arrears</b> ▸ percentage of current levy	<b>3.96%</b>	5.11%	4.44%	4.41%	4.81%
<b>Taxes Transferred</b> (000's)					
▸ County	<b>4,110</b>	3,892	3,690	3,495	3,389
▸ School Boards	<b>2,850</b>	2,832	2,759	2,761	2,748
<b>Revenues</b> (000's)	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
▸ Taxation and payments in lieu	<b>3,837</b>	3,696	3,450	3,310	3,115
▸ Government transfers	<b>710</b>	692	1,145	752	917
▸ Fees and service charges	<b>281</b>	205	348	375	340
▸ Other	<b>428</b>	295	330	661	310
▸ Revenues related to capital assets	<b>954</b>	598	754	---	---
<b>Total</b>	<b>6,210</b>	5,486	6,027	5,098	4,682
<b>Expenditures</b> (000's)					
▸ Operations	<b>5,490</b>	4,751	4,573	3,610	3,381
▸ Amortization	<b>582</b>	508	490	---	---

(Note: All dollar amounts are in thousands of dollars.)

**Tay Valley Township**  
**Five Year Financial Review**  
(not subject to audit)

<b>December 31</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	\$	\$	\$	\$	\$
<b>Long Term Debt</b>					
▸ Net long term debt (000's)	<b>732</b>	43	53	---	---
▸ Long term debt charges (000's)	<b>12</b>	12	---	---	---
▸ Annual repayment limit (000's)	<b>1,013</b>	994	921	845	748
▸ Long term debt per household	<b>191</b>	11	14	---	---
▸ Debt charges					
▸ tax supported	<b>12</b>	12	---	---	---
<b>Accumulated Surplus (000's)</b>					
▸ Surplus and Reserves	<b>2,962</b>	2,876	3,401	2,494	3,329
▸ Invested in capital assets	<b>8,862</b>	8,229	6,969		
<b>Financial Indicators</b>					
▸ Sustainability					
▸ financial assets to liabilities	<b>1.85</b>	2.85	3.56		
▸ financial assets to liabilities excluding long term debt	<b>2.60</b>	2.94	3.72		
▸ Flexibility					
▸ Debt charges to total operating revenue	<b>0.24%</b>	0.26%	0.00%		
▸ Total operating revenue to taxable assessment	<b>0.60%</b>	0.61%	0.72%		
▸ Vulnerability					
▸ Operating government transfers ▸ to operating revenue	<b>13.37%</b>	13.81%	12.53%		
▸ Total government transfers ▸ to total revenues	<b>25.63%</b>	20.24%	31.38%		

(Note: All dollar amounts are in thousands of dollars.)



Chartered Accountant Professional Corporation  
**TAY VALLEY TOWNSHIP**

## **AUDITORS' REPORT**

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Tay Valley Township:

We have audited the consolidated statement of financial position of the Corporation of the Tay Valley Township as at December 31, 2010 and the consolidated statement of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Tay Valley Township as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script, appearing to read "Allan".

Chartered Accountants  
Licenced Public Accountants  
Perth, Ontario,  
May 24, 2011.

**Tay Valley Township**  
**Consolidated Statement of Financial Position**

<b>December 31</b>	<b>2010</b>	<b>2009</b>
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and short term deposits	3,500,224	3,261,968
Taxes receivable	373,967	480,144
Accounts receivable	836,931	527,431
Other	1,550	1,550
	<b>4,712,672</b>	<b>4,271,093</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	783,404	521,592
Accrued landfill closure and post closure (note 10)	337,500	312,500
Accrued post employment benefits	53,373	61,402
Prepaid property taxes	133,426	216,591
Deferred revenues (note 4)	315,004	184,233
Other current liabilities	187,331	158,681
Debt (note 5)	731,740	42,596
	<b>2,541,778</b>	<b>1,497,595</b>
<b>NET FINANCIAL ASSETS</b>	<b>2,170,894</b>	<b>2,773,498</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 15)	9,593,248	8,271,177
Inventories	30,000	60,000
	<b>9,623,248</b>	<b>8,331,177</b>
<b>ACCUMULATED SURPLUS</b> (note 6)	<b>11,794,142</b>	<b>11,104,675</b>
Commitments (note 13) Contingent Liabilities (note 12)		

**Approved On Behalf of Council:**

Mayor

Finance Chair

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

# Tay Valley Township

## Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	(Note 17) Budget	2010	2009
	\$	\$	\$
<b>REVENUES</b>			
Taxation ▶ residential	3,309,500	<b>3,359,184</b>	3,247,374
▶ commercial and industrial	422,000	<b>421,233</b>	394,276
▶ other governments	56,000	<b>56,315</b>	54,795
User charges ▶ protection to persons and property	4,300	<b>22,679</b>	25,071
▶ waste disposal	62,000	<b>67,092</b>	80,136
▶ planning and zoning	56,000	<b>75,094</b>	45,198
▶ other	42,278	<b>115,961</b>	55,052
Government transfers	657,188	<b>710,321</b>	692,286
Contribution from developers	---	---	7,034
Licences and permits	100,000	<b>106,984</b>	87,974
Investment income	75,000	<b>46,642</b>	27,561
Penalties and interest on taxes	75,000	<b>95,444</b>	78,322
Provincial offences	66,000	<b>66,000</b>	70,000
Other	99,588	<b>113,185</b>	23,346
<b>TOTAL REVENUES</b>	5,024,854	<b>5,256,134</b>	4,888,425
<b>EXPENDITURES</b>			
<b>Current operations</b>			
General government	794,000	<b>874,003</b>	821,259
Protection to persons and property	1,111,910	<b>1,197,765</b>	1,050,949
Transportation services	2,360,900	<b>2,257,032</b>	1,836,836
Environmental services	507,050	<b>526,398</b>	487,988
Social and health services	---	<b>3,826</b>	3,317
Recreation and cultural services	457,817	<b>457,447</b>	450,081
Planning and development	242,200	<b>203,752</b>	100,766
<b>TOTAL EXPENDITURES</b>	5,473,877	<b>5,520,223</b>	4,751,196
<b>NET (EXPENDITURES) REVENUES FROM OPERATIONS</b>	(449,023)	<b>(264,089)</b>	137,229
<b>OTHER</b>			
Grants and transfers related to capital			
Government transfers	1,688,300	<b>888,556</b>	435,326
Donations	---	---	14,171
Contributions from developers	127,000	<b>65,000</b>	148,061
	1,815,300	<b>953,556</b>	597,558
<b>ANNUAL SURPLUS</b>	1,366,277	<b>689,467</b>	734,787
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	11,104,675	<b>11,104,675</b>	10,369,888
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	12,470,952	<b>11,794,142</b>	11,104,675

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

**Tay Valley Township**  
**Consolidated Statement of Cash Flows**

For the year ended December 31	2010	2009
	\$	\$
<b>OPERATING</b>		
Annual surplus for the year	689,467	734,787
Amortization	581,299	507,592
	<b>1,270,766</b>	<b>1,242,379</b>
Net Change in Non-Cash Working Capital Balances		
Taxes receivable	106,177	123,756
Prepaid property taxes	(83,165)	(188,504)
Accounts receivable	(309,500)	(212,877)
Accounts payable and accrued liabilities	261,813	194,575
Accrued landfill closure and post closure	25,000	25,000
Deferred revenues	130,771	(143,002)
Inventories	30,000	---
Post retirement benefits	(8,030)	---
Debt	---	1,470
Other current liabilities	28,650	5,074
	<b>181,716</b>	<b>(194,508)</b>
<b>Working Capital from Operations</b>	<b>1,452,482</b>	<b>1,047,871</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,903,370)	(1,756,586)
<b>Net investment in tangible capital assets</b>	<b>(1,903,370)</b>	<b>(1,756,586)</b>
<b>FINANCING</b>		
Debt issued for Township purposes	700,000	---
Debt principal repayments	(10,856)	(10,651)
<b>Net increase (decrease) in cash from financing activities</b>	<b>689,144</b>	<b>(10,651)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>238,256</b>	<b>(719,366)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>3,261,968</b>	<b>3,981,334</b>
<b>CASH, END OF YEAR</b>	<b>3,500,224</b>	<b>3,261,968</b>

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

**Tay Valley Township**

**Consolidated Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	(Note 17) Budget	<b>2010</b>	2009
	\$	\$	\$
<b>ANNUAL SURPLUS</b>	1,366,277	<b>689,467</b>	734,787
Amortization of tangible capital assets	1,147,522	<b>581,299</b>	507,592
Acquisition of tangible capital assets	(914,000)	<b>(1,903,370)</b>	(1,756,586)
Acquisition of supplies inventories	---	<b>30,000</b>	---
<b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b>	1,599,799	<b>(602,604)</b>	(514,207)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	2,263,151	<b>2,773,498</b>	3,287,705
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	3,862,950	<b>2,170,894</b>	2,773,498

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



---

# Tay Valley Township

## Notes to the Consolidated Financial Statements

December 31, 2010

---

### 1. Status of the Tay Valley Township

Tay Valley Township (the 'Township') was created in 1998 with the amalgamation of the former Township of Bathurst, Township of North Burgess and Township of South Sherbrooke and assumed its responsibilities under the authority of the Provincial Secretary. The Township operates as a lower tier government in the County of Lanark, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

---

### 2. Significant Accounting Policies

The consolidated financial statements of the Corporation of Tay Valley Township are the representations of management and have been prepared in all material respects in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ('PSAB') of the Canadian Institute of Chartered Accountants.

#### (a) Reporting Entity

- (i) The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Township. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

- ▶ Pinehurst Cemetery

The following joint local boards, which are not controlled by the Township, have been consolidated on a proportionate basis:

- ▶ Perth and District Public Library Board
  - ▶ Drummond/North Elmsley Tay Valley Fire Rescue

- (ii) The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these financial statements.

#### (b) Basis of Accounting

- (i) The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

---

**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2010**

---

**2. Significant Accounting Policies / continued**

**(b) Basis of Accounting / continued**

- (iii) Trust funds and their related operations administered by the Township are not included in these financial statements but are reported separately on the Trust Funds Statement of Financial Activities and Financial Position.

**(c) Tangible Capital Assets**

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

Land	
Buildings	20 to 60 years
Bridges	50 to 75 years
Equipment	5 to 30 years
Roads	5 to 30 years
Vehicles	5 to 30 years

One half of the annual amortization is charged in the year of acquisition and in the years of disposal. Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Township has a capitalization threshold of \$20,000 for vehicles and equipment and \$50,000 for linear assets, bridges and buildings so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operations reasons.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other asset as of the date of transfer.

**(d) Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**(e) Inventories and Prepaid Expenses**

Inventories and prepaid expenses held for consumption are recorded at the lower of cost or replacement cost.

**(f) Pension and Employee Benefits**

The Township accounts for its participation in the Ontario Municipal Employees Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

---

**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2010**

---

**2. Significant Accounting Policies / continued**

**(f) Pension and Employee Benefits / continued**

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Township's policy.

**(g) Cash and Cash Equivalents**

The Township considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

**(h) Government Transfers**

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

**(i) Deferred Revenues**

The Township defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, development charges collected under the *Development Charges Act, 1997*, and recreational land collected under the Planning Act are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the fiscal year the services are performed.

**(j) Investments**

Short-term and long-term investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

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

**(k) Landfill Closure and Post-Closure Liabilities**

The Municipality accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management.

Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

---

**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2010**

---

**2. Significant Accounting Policies / continued**

**(l) Financial Instruments**

All financial instruments are initially recognized at fair value on the statement of financial position. The Township has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Township classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

**(m) Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

---

**3. Operations of the School Boards and County of Lanark**

During 2010, the Township collected and made property tax transfers including payments in lieu of property taxes, to the County of Lanark and School Boards as follows:

	<b>School Boards</b>	<b>County</b>
	<b>\$</b>	<b>\$</b>
Property taxes	<b>2,849,562</b>	<b>4,055,418</b>
Taxation from other governments	<b>---</b>	<b>54,688</b>
Amounts requisitioned and paid	<b>2,849,562</b>	<b>4,110,106</b>

---

# Tay Valley Township

## Notes to the Consolidated Financial Statements

**December 31, 2010**

### 4. Deferred Revenues

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 Township are summarized below:

	Gravel Pit Rehabilitation	Development Charges	Parkland	Federal Gas Tax	Total
	\$	\$	\$	\$	\$
December 31, 2009	1,550	140,359	28,132	14,192	<b>184,233</b>
Contributions from developers	---	57,500	2,100	---	<b>59,600</b>
Interest	---	1,512	249	307	<b>2,068</b>
Government grants	---	---	---	173,390	<b>173,390</b>
Transfer to capital fund	---	(65,000)	---	(39,288)	<b>(104,288)</b>
December 31, 2010	1,550	134,371	30,481	148,601	<b>315,003</b>

### 5. Debt

- (a) The balance of debt reported on the "Consolidated Statement of Financial Position" is comprised of the following:

	2010	2009
	\$	\$
Ontario Infrastructure Projects Corporation (4.45%), maturing October 2035.	<b>700,000</b>	---
Serial debenture debt issued by the Township of Drummond/North Elmsley in respect of the Drummond/North Elmsley Tay Valley Fire Rescue joint board, maturing 2013 with an interest rate of 3.90%	<b>31,740</b>	42,596
Tile drainage and shoreline property assistance loans. The responsibility for payments of principal and interest charges has been assumed by individuals.	<b>33,406</b>	37,924
	<b>765,146</b>	80,520
Of the long term liabilities shown above, the responsibility for payments of principal and interest charges for tile drainage and shoreline property assistance loans has been assumed by individuals. At the end of the year the outstanding principal amount of this liability is	<b>(33,406)</b>	(37,924)
Net long term liabilities at the end of the year	<b>731,740</b>	42,596

**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2010**

**5. Debt / continued**

(b) Principal payments fall due as follows:

	<b>General Revenues</b>
	<b>\$</b>
2011	<b>31,146</b>
2012	<b>32,141</b>
2013	<b>32,977</b>
2014	<b>23,629</b>
2015	<b>24,778</b>
2016	<b>25,984</b>
2017 and after	<b>594,491</b>
	<b>765,146</b>

(c) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(d) Interest expense on long term liabilities in 2010 amounted to \$1,547 (2009 \$1,972).

**6. Accumulated Surplus**

Accumulated surplus consists of:

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Surplus		
Invested in tangible capital assets	<b>9,593,249</b>	8,271,177
Less: debt	<b>(731,740)</b>	(42,596)
	<b>8,861,509</b>	8,228,581
Unrestricted surplus	<b>36,604</b>	122,160
Unfinanced Capital Projects		
Township office	---	(328,378)
Reserves (Schedule 1)	<b>2,909,915</b>	3,071,977
Reserve Funds (Schedule 1)	<b>16,114</b>	10,335
	<b>11,824,142</b>	11,104,675

---

## **Tay Valley Township**

### **Notes to the Consolidated Financial Statements**

**December 31, 2010**

---

#### **7. Pension Contributions**

The Township contributed to OMERS an amount of \$62,834 (2009 \$56,519) on behalf of its employees for current service. Contributions by employees were a similar amount. The Township's contributions are included on the Consolidated Statement of Operations and Accumulated Surplus classified under the appropriate functional expenditure headings.

---

#### **8. Trust Funds**

Trust funds administered by the Township amounting to \$31,643 (2009 \$29,223) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or financial activities.

---

#### **9. Provincial Offences Administration (POA)**

The Town of Perth has assumed the administration of the Provincial Offences office for all County of Lanark resident municipalities. The transfer of administration from the Ministry of Attorney General to the Township was a result of the Provincial Offences Act (POA) 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

The Township's share of net revenues arising from operation of the POA office have been consolidated with these financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in the Perth court.

If fines are paid at other court offices, the receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made.

Tay Valley Township shares net POA revenues based on weighted assessment.

---

#### **10. Landfill Closure and Post Closure Liability**

The Environment Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites and is in accordance with the Township's accounting policy. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

---

**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2010**

---

**10. Landfill Closure and Post Closure Liability / continued**

The Township currently has three active and two inactive landfill sites. The Maberly site is a transfer site and has been rendered inactive, although there is capacity available for emergency use. The site has been capped with a clay cap as per MOE closure guidelines. The Stanleyville site is also a transfer site and has been temporarily capped until such time as the Township determines it is required to be put into service. The Stanleyville site and the Glen Tay site have estimated lives beyond 2020 and no projected closure dates have been determined. The remaining volume is estimated at 154,000 cubic metres for the Stanleyville site and 154,000 cubic metres for the Glen Tay site, with annual usage projected as 1,100 cubic metres for Stanleyville and 4,100 cubic metres for Glen Tay. The anticipated closure plan involves placement of a clay cap and soil cover, landscaping and revegetation and ongoing annual monitoring and maintenance at an estimated cost of \$162,500 for the Stanleyville site and \$372,850 for the Glen Tay site. Annual post closure maintenance and monitoring requirements are estimated to be \$13,750 per annum.

The inactive sites, Christie Lake and Noonan, have been closed using a clay cap cover and soil. Hydrogeological samples are taken annually to test the surface and ground water. Annual site monitoring costs are estimated at \$10,800 per annum.

---

**11. Contractual Obligations**

The Municipality has negotiated a long term contract with the Ontario Provincial Police for the provision of policing services. The contract ends December 31, 2013. Annual charges are determined based on the level of service and are reconciled to actual costs in the following year. The contract for 2010 was \$458,507 (2009 \$459,747).

The Municipality has negotiated a long term contract with Waste Services (CA) Inc. for the disposal of recycled materials. The contract ends August 31, 2009. Annual charges are determined based on the volume of recycled goods that are transferred. The contract for 2010 was \$105,933 (2009 \$97,111).

The Municipality has negotiated a long term contract with Stanley Sanitation Ltd. for the disposal of recycled materials. The contract ends August 31, 2014. Annual charges are determined based on the volume of recycled goods that are transferred. The contract for 2010 approximated \$78,276 (2009 \$48,556).

---

**12. Contingent Liabilities**

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2010, management believes that the Township has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Township's financial position.

---



---

**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2010**

---

**13. Commitments**

The Township has committed to donate \$27,000 annually to the Perth and Smiths Falls District Hospital commencing in 2009, ending in 2013.

---

**14. Risk Management**

In the normal course of operations, the Township is exposed to a variety of financial risks which are actively managed by the Township.

The Township's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Township's exposure to and management of risk has not changed materially from December 31, 2009.

**(a) Credit Risk**

Credit risk arises from the possibility that the entities to which the Township provides services to may experience difficulty and be unable to fulfill their obligations. The Township is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Township does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

**(b) Interest Rate Risk**

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Township is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Township's operating results.

**(c) Currency Risk**

Currency risk is the risk that the fair value of future cash flows of financial instruments denominated in currencies other than the functional currency of the Township will fluctuate due to changes in foreign exchange rates.

**(d) Liquidity Risk**

Liquidity risk is the risk that the Township will not be able to meet its obligations as they fall due. The Township requires working capital to meet day-to-day operating activities. Management expects that the Township's cash flows from operating activities will be sufficient to meet these requirements.

**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2010**

**14. Risk Management / continued**

**(d) Liquidity Risk / continued**

The fair values of these financial instruments are as follows:

	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
<b>Held-For-Trading Financial Assets</b>				
Cash and cash equivalents	3,500,224	3,500,224	3,261,968	3,261,968
<b>Loans and Receivables</b>				
Accounts receivable	836,931	836,931	527,431	527,431
Taxes receivable	373,967	373,967	480,144	480,144
<b>Other Financial Liabilities (not held-for-trading)</b>				
Accounts payable and accrued liabilities	783,405	783,405	521,592	521,592
Accrued landfill closure and post-closure	337,500	337,500	312,500	312,500
Accrued post employment benefits	53,373	53,373	61,402	61,402
Prepaid property taxes	133,426	133,426	216,591	216,591
Deferred revenues	315,004	315,004	184,233	184,233
Other current liabilities	187,331	187,331	158,681	158,681
Debt	731,740	731,740	42,596	42,596

**15. Tangible Capital Assets**

	2010	2009
	\$	\$
Land	136,257	136,257
Buildings	2,765,514	1,742,780
Bridges	2,354,345	2,271,948
Equipment	601,009	624,645
Roads	2,852,710	2,795,615
Vehicles	883,413	699,932
	<b>9,593,248</b>	<b>8,271,177</b>

For additional information, see Schedule 2 ► Tangible Capital Assets.

# Tay Valley Township

## Notes to the Consolidated Financial Statements

December 31, 2010

### 16. Segmented Information

The Township is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the consolidated statement of financial activities.

Departments have been separately disclosed in the segmented information, along with the service they provide, are set out in the schedule below.

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

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 2.

2010	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	Materials Non TCA	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$	\$
<b>General Government</b>							
Governance	108,933	---	48,980	119,623	4,000	2,593	284,129
Corporate Management & Program Support	398,198	---	191,676	---	---	---	589,874
<b>Protection to Persons and Property</b>							
Fire	193,145	1,547	167,280	34,574	---	71,104	467,650
Police	3,219	---	452,567	13,777	---	---	469,563
Conservation Authority	---	---	---	---	54,329	---	54,329
Protective Inspection	99,755	---	106,468	---	---	---	206,223
<b>Transportation</b>							
Roadways	399,550	---	742,737	461,734	---	481,532	2,085,553
Winter Control	34,497	---	131,037	---	---	---	165,534
Street Lighting	---	---	5,945	---	---	---	5,945
<b>Environmental</b>							
Waste Services	150,548	---	209,988	29,784	---	---	390,320
Recycling	---	---	132,946	3,132	---	---	136,078
<b>Health Services</b>							
Cemeteries	---	---	3,826	---	---	---	3,826
<b>Recreation and Cultural Services</b>							
Recreation Facilities & Programs	---	---	32,707	---	---	---	32,707
Recreation Facilities Other	12,576	---	201,327	7,645	35,050	---	256,598
Libraries	100,070	---	42,002	---	---	26,070	168,142
<b>Planning and Development</b>							
Planning & Zoning	123,852	---	70,561	9,339	---	---	203,752
<b>2010</b>	<b>1,624,343</b>	<b>1,547</b>	<b>2,540,047</b>	<b>679,608</b>	<b>93,379</b>	<b>581,299</b>	<b>5,520,223</b>

**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2010**

**16. Segmented Information / continued**

<b>2009</b>	<b>Salaries, Wages &amp; Employee Benefits</b>	<b>Debt Interest</b>	<b>Materials &amp; Services</b>	<b>Materials Non TCA</b>	<b>External Transfers</b>	<b>Amortization</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$
<b>General Government</b>							
Governance	103,457	---	10,147	14,211	1,000	2,593	131,408
Corporate Management & Program Support	454,454	---	180,879	54,518	---	---	689,851
<b>Protection to Persons and Property</b>							
Fire	177,285	1,972	164,224	---	---	47,262	390,743
Police	450	---	465,112	---	---	---	465,562
Conservation Authority	---	---	---	---	47,251	---	47,251
Protective Inspection	56,716	---	79,157	5,513	494	5,513	147,393
<b>Transportation</b>							
Roadways	360,483	---	630,905	177,553	---	431,914	1,600,855
Winter Control	43,134	---	186,835	---	---	---	229,969
Street Lighting	---	---	6,012	---	---	---	6,012
<b>Environmental</b>							
Waste Services	135,034	---	185,471	---	---	---	320,505
Recycling	---	---	167,483	---	---	---	167,483
<b>Health Services</b>							
Cemeteries	---	---	3,317	---	---	---	3,317
<b>Recreation and Cultural Services</b>							
Recreation Facilities & Programs	---	---	23,597	---	---	---	23,597
Recreation Facilities Other	13,892	---	209,200	804	36,600	---	260,496
Libraries	97,750	---	40,016	---	2,399	25,823	165,988
<b>Planning and Development</b>							
Planning & Zoning	1,800	---	90,762	8,204	---	---	100,766
<b>2009</b>	<b>1,444,455</b>	<b>1,972</b>	<b>2,443,117</b>	<b>260,803</b>	<b>87,744</b>	<b>513,105</b>	<b>4,751,196</b>

**17. Budget Figures**

The operating budget approved by Township Council, for 2010 is reflected on the Consolidated Statement of Operations and Accumulated Surplus. The budgets established for capital investment in tangible capital assets are on a project oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Township does not budget activity within Reserves and reserve Funds, with the exception being those transactions, which affect either operations or capital investments. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements.

**Tay Valley Township**  
**Schedule 1 ► Continuity of Reserves and Reserve Funds**

For the year ended December 31	(Note 17) Budget	2010	2009
	\$	\$	\$
<b>Revenues</b>			
Investment income	---	307	501
<b>Total Net Revenues</b>	---	307	501
<b>Net Transfers From/(To) Other Funds</b>			
Transfers from operations	3,280	504,291	1,023,016
Transfers to capital acquisitions	(477,170)	(660,881)	(1,341,866)
<b>Total Net Transfers</b>	(473,890)	(156,590)	(318,850)
<b>Reserves and Reserve Fund Balances, Change in Year</b>	(473,890)	(156,283)	(318,349)
<b>Reserves and Reserve Fund Balances, Beginning of Year</b>	3,082,312	3,082,312	3,400,661
<b>Reserves and Reserve Fund Balances, End of Year</b>	2,608,422	2,926,029	3,082,312

**Composition of Reserves and Reserve Funds**

For the year ended December 31	2010	2009
	\$	\$
<b>Reserves set aside for specific purposes by Council:</b>		
► for working capital	450,000	450,000
► for acquisition of capital assets	1,748,929	2,030,195
► for contingencies	420,098	368,609
► for waste sites	26,388	48,288
► for Pinehurst cemetery	5,253	4,753
► for library and fire joint boards	259,247	170,132
<b>Total Reserves</b>	2,909,915	3,071,977
<b>Reserve Funds</b>		
► for library	16,114	10,335
<b>Total Reserves and Reserve Funds</b>	2,926,029	3,082,312

**Tay Valley Township**  
**Schedule 2 ▸ 2010 Tangible Capital Assets**

Asset Class	Cost 01/01/10	Additions	(Disposals)	Cost 31/12/10
	\$	\$	\$	\$
Land	136,257	---	---	136,257
Buildings	2,300,262	1,073,967	---	3,374,229
Bridges	3,841,714	134,890	---	3,976,604
Equipment	961,477	37,626	---	999,103
Roads	4,703,692	372,498	---	5,076,190
Vehicles	1,662,948	284,389	---	1,947,337
	13,606,350	1,903,370	---	15,509,720

Asset Class	Accumulated Amortization 01/01/10	Amortization	(Disposals)	Accumulated Amortization 31/12/10	Net Book Value 31/12/10
	\$	\$	\$	\$	\$
Land	---	---	---	---	136,257
Buildings	557,482	51,233	---	608,715	2,765,514
Bridges	1,569,766	52,493	---	1,622,259	2,354,345
Equipment	336,832	61,262	---	398,094	601,009
Roads	1,908,077	315,403	---	2,223,480	2,852,710
Vehicles	963,016	100,908	---	1,063,924	883,413
	5,335,173	581,299	---	5,916,472	9,593,248

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

**Tay Valley Township**  
**Schedule 2 ▶ 2009 Tangible Capital Assets**

Asset Class	Cost 01/01/09	Additions	(Disposals)	Cost 31/12/09
	\$	\$	\$	\$
Land	136,257	---	---	<b>136,257</b>
Buildings	1,134,601	1,165,661	---	<b>2,300,262</b>
Bridges	3,841,714	---	---	<b>3,841,714</b>
Equipment	847,522	186,380	(72,425)	<b>961,477</b>
Roads	4,321,692	382,000	---	<b>4,703,692</b>
Vehicles	1,640,402	25,539	(2,993)	<b>1,662,948</b>
	<b>11,922,188</b>	<b>1,759,580</b>	<b>(75,418)</b>	<b>13,606,350</b>

Asset Class	Accumulated Amortization 01/01/09	Amortization	(Disposals)	Accumulated Amortization 31/12/09	Net Book Value 31/12/09
	\$	\$	\$	\$	\$
Land	---	---	---	---	<b>136,257</b>
Buildings	530,142	27,340	---	<b>557,482</b>	<b>1,742,780</b>
Bridges	1,517,273	52,493	---	<b>1,569,766</b>	<b>2,271,948</b>
Equipment	352,845	56,412	(72,425)	<b>336,832</b>	<b>624,645</b>
Roads	1,627,742	280,335	---	<b>1,908,077</b>	<b>2,795,615</b>
Vehicles	872,005	91,011	---	<b>963,016</b>	<b>699,932</b>
	<b>4,900,007</b>	<b>507,591</b>	<b>(72,425)</b>	<b>5,335,173</b>	<b>8,271,177</b>

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



Chartered Accountant Professional Corporation

## **TAY VALLEY TOWNSHIP TRUST FUNDS**

### **AUDITORS' REPORT**

---

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Tay Valley Township:

We have audited the statement of financial position of the trust funds of the Corporation of the Tay Valley Township as at December 31, 2010 and the statement of financial activities of the trust funds for the year then ended and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Corporation of the Tay Valley Township's management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

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

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

#### **Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Tay Valley Township as at December 31, 2010 and the financial activities for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script, appearing to read "Allan".

Chartered Accountants  
Licenced Public Accountants  
Perth, Ontario,  
May 24, 2011.



**Tay Valley Township  
Trust Funds  
Statement of Financial Position**

<b>December 31</b>	Education	Pinehurst Cemetery	OHRP	<b>2010</b>	2009
	\$	\$	\$	\$	\$
<b>ASSETS</b>					
Cash	642	21,967	106	<b>22,715</b>	20,296
Long term receivables	---	---	8,928	<b>8,928</b>	8,927
	642	21,967	9,034	<b>31,643</b>	29,223
<b>LIABILITIES</b>					
Fund balance	642	21,967	9,034	<b>31,643</b>	29,223
	642	21,967	9,034	<b>31,643</b>	29,223

**Statement of Financial Activities**

<b>For the year ended December 31</b>	Education	Pinehurst Cemetery	OHRP	<b>2010</b>	2009
	\$	\$	\$	\$	\$
<b>REVENUES</b>					
Bank interest	5	177	1	<b>183</b>	131
Sale of plots, donations	---	2,363	---	<b>2,363</b>	1,220
	5	2,540	1	<b>2,546</b>	1,351
<b>EXPENDITURES</b>					
Pinehurst Cemetery	---	126	---	<b>126</b>	507
<b>NET REVENUES FOR THE YEAR</b>					
	5	2,414	1	<b>2,420</b>	844
<b>BALANCE AT THE BEGINNING OF THE YEAR</b>					
	637	19,553	9,033	<b>29,223</b>	28,379
<b>BALANCE AT THE END OF THE YEAR</b>					
	642	21,967	9,034	<b>31,643</b>	29,223

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

---

**Tay Valley Township  
Trust Funds  
Notes to the Financial Statements**

**December 31, 2010**

---

**1. Significant Accounting Policies**

**Reporting Entity**

Perpetual care receipts are reported on the cash basis of accounting and interest income is reported on the accrual basis of accounting.

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

---

**Tay Valley Township  
Pinehurst Cemetery  
Statement of Financial Position**

<b>December 31</b>	<b>2010</b>	<b>2009</b>
	\$	\$
<b>ASSETS</b>		
Cash	<b>9,126</b>	12,021
<b>FUND BALANCES</b>		
Current fund	<b>8,081</b>	10,976
Reserves	<b>1,045</b>	1,045
	<b>9,126</b>	12,021

**Statement of Financial Activities**

<b>For the year ended December 31</b>	<b>2010</b>	<b>2009</b>
	\$	\$
<b>REVENUES</b>		
Other		
Investment income	<b>134</b>	588
Sale of plots, donations	<b>3,841</b>	3,816
Perpetual Care	<b>2,363</b>	1,000
	<b>6,338</b>	5,404
<b>EXPENDITURES</b>		
Current Operations		
Honorariums, salaries and wages	<b>1,245</b>	1,175
Materials and services	<b>218</b>	922
Trustee	<b>2,363</b>	1,220
	<b>3,826</b>	3,317
<b>NET REVENUES FOR THE YEAR</b>	<b>2,512</b>	2,087

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



Chartered Accountant Professional Corporation

## **PERTH & DISTRICT UNION PUBLIC LIBRARY BOARD**

### **AUDITORS' REPORT**

---

To the Board Members, Inhabitants and Ratepayers of the Perth & District Union Public Library Board:

We have audited the statement of financial position of the Corporation of the Perth & District Union Public Library Board as at December 31, 2010 and the statement of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Corporation of the Perth & District Union Public Library Board's management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

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

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

#### **Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Perth & District Union Public Library Board as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants  
Licenced Public Accountants  
Perth, Ontario,  
February 2, 2011.

**Perth & District Union Public Library Board**  
**Statement of Financial Position**

<b>December 31</b>	<b>2010</b>	<b>2009</b>
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash	<b>187,095</b>	131,827
Accounts receivable	<b>11,733</b>	7,918
Due from Tay Valley Township	<b>3,295</b>	3,295
	<b>202,123</b>	143,040
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	<b>47,237</b>	41,521
<b>NET FINANCIAL ASSETS</b>	<b>154,886</b>	101,519
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 5) (Schedule 2)	<b>560,933</b>	576,889
<b>ACCUMULATED SURPLUS</b> (note 4)	<b>715,819</b>	678,408

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

**Perth & District Union Public Library Board**  
**Statement of Operations and Accumulated Surplus**

For the year ended December 31	(Note 6) Budget	2010	2009
	\$	\$	\$
<b>REVENUES</b>			
Government Grants			
Municipal Grants ▶ Perth	173,408	<b>147,036</b>	170,117
▶ Tay Valley	131,586	<b>113,247</b>	128,533
▶ Drummond/North Elmsley	122,273	<b>166,984</b>	104,536
Provincial Grants ▶ Operating	42,817	<b>42,817</b>	42,817
Government of Canada	---	<b>15,564</b>	6,487
User Charges ▶ fees and service charges	4,800	<b>6,579</b>	5,742
Other Income			
Fines, other	7,500	<b>8,594</b>	7,666
Interest	2,000	<b>1,600</b>	1,287
Rentals	300	<b>120</b>	240
Book sales	---	<b>2,286</b>	1,940
Donations	2,500	<b>69,064</b>	23,799
<b>TOTAL REVENUES</b>	487,184	<b>573,891</b>	493,164
<b>EXPENDITURES</b>			
Salaries, wages and employee benefits	318,641	<b>324,904</b>	306,618
Amortization of books	57,132	<b>55,739</b>	52,514
Miscellaneous books and equipment	26,020	<b>17,108</b>	14,718
Periodicals and newspapers	4,890	<b>4,526</b>	4,637
Utilities, telephone	18,739	<b>18,745</b>	20,231
Special programs, activities	9,780	<b>36,286</b>	39,762
Insurance, professional fees	14,708	<b>15,638</b>	11,065
Internet, videos, miscellaneous	4,736	<b>4,812</b>	5,904
Library, photocopy supplies	10,913	<b>10,049</b>	9,186
Building amortization	---	<b>18,061</b>	18,022
Maintenance and repairs	18,009	<b>16,451</b>	16,362
Equipment and shelving amortization	---	<b>10,844</b>	10,465
Book repairs	316	<b>46</b>	219
Grants to other libraries	3,300	<b>3,271</b>	3,271
<b>TOTAL EXPENDITURES</b>	487,184	<b>536,480</b>	512,974
<b>ANNUAL SURPLUS (DEFICIT)</b>	---	<b>37,411</b>	(19,810)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	678,408	<b>678,408</b>	698,218
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	678,408	<b>715,819</b>	678,408

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

**Perth & District Union Public Library Board**  
**Statement of Cash Flows**

For the year ended December 31	2010	2009
	\$	\$
<b>OPERATING</b>		
Annual surplus (deficit)	37,411	(19,810)
<b>Net Change in Non-Cash Working Capital Items</b>		
Accounts receivable	(3,815)	1,207
Accounts payable and accrued liabilities	16,302	(1,890)
Due to Town of Perth	(10,586)	13,534
	1,901	12,851
Non-cash charges to operations		
Amortization	84,644	81,001
<b>Working Capital from Operations</b>	123,956	74,042
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(68,688)	(90,108)
<b>NET INCREASE (DECREASE) IN CASH</b>	55,268	(16,066)
<b>CASH, BEGINNING OF YEAR</b>	131,827	147,893
<b>CASH, END OF YEAR</b>	187,095	131,827

**Statement of Change in Net Financial Assets**

For the year ended December 31	2010	2009
	\$	\$
<b>ANNUAL SURPLUS (DEFICIT) FROM OPERATIONS</b>	37,411	(19,810)
Amortization of tangible capital assets	84,644	81,001
Acquisition of tangible capital assets	(68,688)	(90,108)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	53,367	(28,917)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	101,519	130,436
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	154,886	101,519

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

---

# Perth & District Union Public Library Board

## Notes to the Financial Statements

December 31, 2010

---

### 1. Status of the Board

The Perth & District Union Public Library Board (the 'Board') was formed November 14, 1983 pursuant to the Public Libraries Act and an agreement between the Town of Perth and the Township of Bathurst, Drummond, North Burgess, North Elmsley and South Sherbrooke. Subsequently, the Township of Drummond and North Elmsley amalgamated as the Township of Drummond/North Elmsley and the remaining three townships amalgamated as Tay Valley Township.

---

### 2. Significant Accounting Policies

The financial statements of the Perth & District Union Public Library Board are the representations of management and have been prepared in all material respects in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ('PSAB') of the Canadian Institute of Chartered Accountants.

#### (a) Reporting Entity

The financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Board.

#### (b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

#### (c) Tangible Capital Assets

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

Assets	Estimated Useful Life
Land	
Building	40 years
Books	7 years
Shelving	10 years
Machinery and Equipment	5 years



---

## Perth & District Union Public Library Board

### Notes to the Financial Statements

December 31, 2010

---

#### 2. Significant Accounting Policies / continued

##### (c) Tangible Capital Assets / continued

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other assets as of the date of transfer.

##### (d) Cash and Cash Equivalents

The Board considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

##### (e) Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

##### (f) Deferred Revenues

The Board defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

##### (g) Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Board has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Board classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

---

## Perth & District Union Public Library Board

### Notes to the Financial Statements

December 31, 2010

---

#### 2. Significant Accounting Policies / continued

##### (h) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

---

#### 3. Risk Management

In the normal course of operations, the Board is exposed to a variety of financial risks which are actively managed by the Board.

The Board's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Board's exposure to and management of risk has not changed materially from December 31, 2009.

##### (a) Credit Risk

Credit risk arises from the possibility that the entities to which the Board provides services to may experience difficulty and be unable to fulfill their obligations. The Board is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Board does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

##### (b) Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Board is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Board's operating results.

##### (c) Currency Risk

Currency risk is the risk that the fair value of future cash flows of financial instruments denominated in currencies other than the functional currency of the Board will fluctuate due to changes in foreign exchange rates.

# Perth & District Union Public Library Board

## Notes to the Financial Statements

**December 31, 2010**

### 3. Risk Management/ continued

#### (d) Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its obligations as they fall due. The Board requires working capital to meet day-to-day operating activities. Management expects that the Board's cash flows from operating activities will be sufficient to meet these requirements.

The fair values of these financial instruments are as follows:

	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
<b>Held-For-Trading Financial Assets</b>				
Cash and cash equivalents	187,095	187,095	131,827	131,827
<b>Loans and Receivables</b>				
Accounts receivable	15,028	15,028	11,213	11,213
<b>Other Financial Liabilities (not held-for-trading)</b>				
Accounts payable and accrued liabilities	47,237	47,237	41,521	41,521

### 4. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2010	2009
	\$	\$
<b>Surplus</b>		
Invested in tangible capital assets	560,933	576,889
<b>Reserves</b>		
Insurance	3,000	3,000
Contingency	19,645	19,426
Building expansion	42,029	45,412
Pay equity	3,366	3,366
Literacy	1,919	---
Books	25,000	---
Total Reserves	94,959	71,204

# Perth & District Union Public Library Board

## Notes to the Financial Statements

**December 31, 2010**

### 4. Accumulated Surplus / continued

	2010	2009
	\$	\$
<b>Reserve Funds</b>		
B & M	2,221	2,155
Capital	31,062	18,975
Books	10,529	3,139
Hooper	16,115	6,046
	<b>59,927</b>	30,315
<b>Total Reserves and Reserve Funds</b>	<b>154,886</b>	101,519
<b>Accumulated Surplus</b>	<b>715,819</b>	678,408

### 5. Tangible Capital Assets

<b>Net Book Value of Assets</b>	2010	2009
	\$	\$
Land	125,000	125,000
Buildings	247,521	262,455
Books	176,023	173,776
Shelving	10,036	10,545
Machinery and Equipment	2,353	5,113
	<b>560,933</b>	576,889

For additional information, see Schedule 2 ▶ Tangible Capital Assets.

### 6. Budget Figures

Under generally accepted accounting principles, budget figures are to be reported on the statement of operations and accumulated surplus for comparative purposes. The 2010 budget amounts for Perth & District Union Public Library Board were adopted by the Board on November 30, 2009. The budget figures are unaudited.

**Perth & District Union Public Library Board**  
**Schedule 1 ► Continuity of Reserves**

For the year ended December 31	(Note 6) Budget	2010	2009
	\$	\$	\$
<b>Revenues</b>			
Donations	---	---	---
Interest	---	135	198
	---	135	198
<b>Total Net Transfers Approved By Board</b>	---	53,232	(29,115)
<b>Reserves, Change in Year</b>	---	53,367	(28,917)
<b>Reserves, Beginning of Year</b>	---	101,519	130,436
<b>Reserves, End of Year</b>	---	154,886	101,519

**Composition of Reserves**

For the year ended December 31	2010	2009
	\$	\$
<b>Reserves</b>		
Insurance	3,000	3,000
Contingency	19,645	19,426
Building expansion	42,029	45,412
Pay equity	3,366	3,366
Literacy	1,919	---
Books	25,000	---
Total Reserves	94,959	71,204
<b>Reserve Funds</b>		
B & M	2,221	2,155
Capital	31,062	18,975
Books	10,529	3,139
Hooper	16,115	6,046
	59,927	30,315
<b>Total Reserves and Reserve Funds</b>	154,886	101,519

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

# Perth & District Union Public Library Board

## Schedule 2 ▶ Tangible Capital Assets

**December 31, 2010**

Assets	<b>Cost 01/01/10</b>	<b>Additions (Disposals)</b>	<b>Cost 31/12/10</b>	<b>Accumulated Amortization 01/01/10</b>	<b>Amortization 2010</b>	<b>Accumulated Amortization 31/12/10</b>	<b>Net Book Value 31/12/10</b>
	\$	\$	\$	\$	\$	\$	\$
Land	<b>125,000</b>	---	125,000	---	---	---	<b>125,000</b>
Building	<b>720,879</b>	3,127	724,006	458,424	18,061	476,485	<b>247,521</b>
Books	<b>413,484</b>	57,986	471,470	239,708	55,739	295,447	<b>176,023</b>
Shelving	<b>77,052</b>	7,575	84,627	66,507	8,084	74,591	<b>10,036</b>
Machinery & Equipment	<b>13,798</b>	---	13,798	8,685	2,760	11,445	<b>2,353</b>
	<b>1,350,213</b>	68,688	1,418,901	773,324	84,644	857,968	<b>560,933</b>

**December 31, 2009**

Assets	<b>Cost 01/01/09</b>	<b>Additions (Disposals)</b>	<b>Cost 31/12/09</b>	<b>Accumulated Amortization 01/01/09</b>	<b>Amortization 2009</b>	<b>Accumulated Amortization 31/12/09</b>	<b>Net Book Value 31/12/09</b>
	\$	\$	\$	\$	\$	\$	\$
Land	<b>125,000</b>	---	125,000	---	---	---	<b>125,000</b>
Building	<b>692,484</b>	28,395	720,879	440,402	18,022	458,424	<b>262,455</b>
Books	<b>353,556</b>	59,928	413,484	187,194	52,514	239,708	<b>173,776</b>
Shelving	<b>77,052</b>	---	77,052	58,802	7,705	66,507	<b>10,545</b>
Machinery & Equipment	<b>12,013</b>	1,785	13,798	5,925	2,760	8,685	<b>5,113</b>
	<b>1,260,105</b>	90,108	1,350,213	692,323	81,001	773,324	<b>576,889</b>

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



Chartered Accountant Professional Corporation

## **DRUMMOND/NORTH ELMSLEY TAY VALLEY FIRE RESCUE**

### **AUDITORS' REPORT**

To the Board Members, Inhabitants and Ratepayers of the Drummond/North Elmsley Tay Valley Fire Rescue:

We have audited the statement of financial position of the Drummond/North Elmsley Tay Valley Fire Rescue as at December 31, 2010 and the statement of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Drummond/North Elmsley Tay Valley Fire Rescue's management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

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

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

#### **Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Drummond/North Elmsley Tay Valley Fire Rescue as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants  
Licenced Public Accountants  
Perth, Ontario,  
April 4, 2011.

# Drummond/North Elmsley Tay Valley Fire Rescue

## Statement of Financial Position

December 31	2010	2009
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash	226,246	369,024
Accounts receivable	229,993	37,895
	<b>456,239</b>	406,919
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	21,900	32,880
Debt (note 3)	69,000	92,000
	<b>90,900</b>	124,880
<b>NET FINANCIAL ASSETS</b>	<b>365,339</b>	282,039
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 6) (Schedule 2)	764,110	711,880
<b>ACCUMULATED SURPLUS</b> (note 4)	<b>1,129,449</b>	993,919

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



# Drummond/North Elmsley Tay Valley Fire Rescue

## Statement of Operations and Accumulated Surplus

For the year ended December 31	(Note 7) Budget	2010	2009
	\$	\$	\$
<b>REVENUES</b>			
Net taxation municipal contributions			
▸ Township of Drummond/North Elmsley	306,073	<b>306,073</b>	294,444
▸ Tay Valley Township	424,777	<b>424,777</b>	414,806
Other			
▸ provincial highway rescue fees	---	<b>5,060</b>	5,425
▸ fire fees, inspections	---	<b>20,150</b>	27,255
▸ investment income	---	<b>2,902</b>	1,781
▸ grants	---	---	10,000
Sale of equipment/miscellaneous	---	<b>2,667</b>	---
<b>TOTAL REVENUES</b>	730,850	<b>761,629</b>	753,711
<b>EXPENDITURES</b>			
Administration (Schedule 3)	161,850	<b>176,992</b>	157,535
BBDE Fire Station (Schedule 4)	306,450	<b>320,349</b>	334,683
South Sherbrooke Fire Station (Schedule 5)	152,050	<b>148,758</b>	132,807
<b>TOTAL EXPENDITURES</b>	620,350	<b>646,099</b>	625,025
<b>NET REVENUES FROM OPERATIONS</b>	110,500	<b>115,530</b>	128,686
<b>OTHER</b>			
Grants and transfers related to capital			
Government transfers	10,000	<b>10,000</b>	10,000
Sale of tangible capital assets	---	---	3,150
Donations	---	<b>10,000</b>	---
	10,000	<b>20,000</b>	13,150
<b>ANNUAL SURPLUS</b>	120,500	<b>135,530</b>	141,836
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	993,919	<b>993,919</b>	852,083
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	1,114,419	<b>1,129,449</b>	993,919

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

## Drummond/North Elmsley Tay Valley Fire Rescue Statement of Cash Flows

For the year ended December 31	2010	2009
	\$	\$
<b>OPERATING</b>		
Annual surplus	135,530	141,836
<b>Net Change in Non-Cash Working Capital Items</b>		
Accounts receivable	(192,098)	(6,173)
Accounts payable and accrued liabilities	(10,980)	(9,775)
	(203,078)	(15,948)
Non-cash charges to operations		
Amortization	48,220	50,709
<b>Working Capital from Operations</b>	(19,328)	176,597
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(100,450)	(43,105)
<b>FINANCING</b>		
Debt principal repayments	(23,000)	(23,000)
<b>Net decrease in cash from financing activities</b>	(23,000)	(23,000)
<b>NET (DECREASE) INCREASE IN CASH</b>	(142,778)	110,492
<b>CASH, BEGINNING OF YEAR</b>	369,024	258,532
<b>CASH, END OF YEAR</b>	226,246	369,024

## Statement of Change in Net Financial Assets

For the year ended December 31	2010	2009
	\$	\$
<b>ANNUAL SURPLUS</b>	135,530	141,836
Amortization of tangible capital assets	48,220	50,709
Acquisition of tangible capital assets	(100,450)	(43,105)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	83,300	149,440
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	282,039	132,599
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	365,339	282,039

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

---

# Drummond/North Elmsley Tay Valley Fire Rescue

## Notes to the Financial Statements

December 31, 2010

---

### 1. Status of the Board

Drummond/North Elmsley Tay Valley Fire Rescue (the 'Board') was formed January 1, 2006 pursuant to an agreement between the Township of Drummond/North Elmsley and Tay Valley Township.

---

### 2. Significant Accounting Policies

The financial statements of Drummond/North Elmsley Tay Valley Fire Rescue are the representations of management and have been prepared in all material respects in accordance with Canadian generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board ('PSAB') of the Canadian Institute of Chartered Accountants.

#### (a) Reporting Entity

The financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Board.

#### (b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

#### (c) Tangible Capital Assets

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

Assets	Estimated Useful Life
Land	
Building	40 years
Vehicles	20 years
Equipment	30 years

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

---

## Drummond/North Elmsley Tay Valley Fire Rescue Notes to the Financial Statements

**December 31, 2010**

---

### **2. Significant Accounting Policies / continued**

#### **(c) Tangible Capital Assets / continued**

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other assets as of the date of transfer.

#### **(d) Cash and Cash Equivalents**

The Board considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

#### **(e) Government Transfers**

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

#### **(f) Deferred Revenues**

The Board defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

#### **(g) Financial Instruments**

All financial instruments are initially recognized at fair value on the statement of financial position. The Board has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Board classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

#### **(h) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

# Drummond/North Elmsley Tay Valley Fire Rescue

## Notes to the Financial Statements

**December 31, 2010**

### 3. Debt

(a) The balance of debt reported on the "Statement of Financial Position" is comprised of the following:

	2010	2009
	\$	\$
Serial debenture debt issued by the Township of Drummond / North Elmsley maturing 2013 with interest rate of 3.90%.	<b>69,000</b>	92,000

(b) Principal payments fall due as follows:

	\$
2011	<b>23,000</b>
2012	<b>23,000</b>
2013	<b>23,000</b>
	<b>69,000</b>

(c) Interest expense on long term liabilities in 2010 amounted to \$3,363 (2009 \$4,260).

### 4. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2010	2009
	\$	\$
<b>Surplus</b>		
Administrative	---	14,751
BBDE Fire Station ▶ Unrestricted	---	1,774
▶ Invested in tangible capital assets	<b>681,120</b>	609,080
	<b>681,120</b>	610,854
South Sherbrooke Fire Station	---	42,487
South Sherbrooke Fire Station ▶ Invested in tangible capital assets	<b>13,989</b>	10,800
	<b>13,989</b>	53,287
	<b>695,109</b>	678,892

# Drummond/North Elmsley Tay Valley Fire Rescue

## Notes to the Financial Statements

**December 31, 2010**

### 4. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2010	2009
	\$	\$
<b>Reserves ▶ Administration</b>		
Contingency	2,511	---
<b>Reserves ▶ BBDE Fire Station</b>		
Working funds	50,000	50,000
Contingency	110,256	66,206
Equipment	55,191	44,691
Apparatus	152,791	148,130
Bunker gear	12,000	6,000
	<b>380,238</b>	<b>315,027</b>
<b>Reserves ▶ South Sherbrooke</b>		
Contingency	46,591	---
Bunker gear	5,000	---
	<b>51,591</b>	<b>---</b>
<b>Total Reserves</b>	<b>434,340</b>	<b>315,027</b>
	<b>1,129,449</b>	<b>993,919</b>

For additional information, see Schedule 1 ▶ Continuity of Reserves.

### 5. Risk Management

In the normal course of operations, the Board is exposed to a variety of financial risks which are actively managed by the Board.

The Board's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Board's exposure to and management of risk has not changed materially from December 31, 2009.

#### (a) Credit Risk

Credit risk arises from the possibility that the entities to which the Board provides services to may experience difficulty and be unable to fulfill their obligations. The Board is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Board does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

# Drummond/North Elmsley Tay Valley Fire Rescue

## Notes to the Financial Statements

**December 31, 2010**

### 5. Risk Management / continued

#### (b) Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Board is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Board's operating results.

#### (c) Currency Risk

Currency risk is the risk that the fair value of future cash flows of financial instruments denominated in currencies other than the functional currency of the Board will fluctuate due to changes in foreign exchange rates.

#### (d) Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its obligations as they fall due. The Board requires working capital to meet day-to-day operating activities. Management expects that the Board's cash flows from operating activities will be sufficient to meet these requirements.

The fair values of these financial instruments are as follows:

	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
<b>Held-For-Trading Financial Assets</b>				
Cash and cash equivalents	226,246	226,246	369,024	369,024
<b>Loans and Receivables</b>				
Accounts receivable	229,993	229,993	37,895	37,895
<b>Other Financial Liabilities (not held-for-trading)</b>				
Accounts payable and accrued liabilities	21,900	21,900	32,880	32,880
Debt	69,000	69,000	92,000	92,000

---

## Drummond/North Elmsley Tay Valley Fire Rescue Notes to the Financial Statements

**December 31, 2010**

---

### 6. Tangible Capital Assets

Net Book Value of Assets	2010	2009
	\$	\$
Land	30,000	30,000
Building	295,214	304,939
Vehicles	380,349	349,679
Equipment	58,547	27,262
	<b>764,110</b>	<b>711,880</b>

For additional information, see Schedule 2 ▶ Tangible Capital Assets.

---

### 7. Budget Figures

Under generally accepted accounting principles, budget figures are to be reported on the statement of operations and accumulated surplus for comparative purposes. The 2010 budget amounts for Drummond/North Elmsley Tay Valley Fire Rescue were adopted by the Board on April 27, 2010. The budget figures are unaudited.

---



**Drummond/North Elmsley Tay Valley Fire Rescue**  
**Schedule 1 ► Continuity of Reserves**

For the year ended December 31	(Note 7) Budget	2010	2009
	\$	\$	\$
<b>Net Transfer From/(To) Other Funds</b>			
Transfers from operations	219,500	13,386	97,000
Transfers from (to) capital acquisitions	(18,000)	105,927	(18,201)
<b>Total Net Transfers Approved By Board</b>	201,500	119,313	78,799
<b>Reserves, Change in Year</b>	201,500	119,313	78,799
<b>Reserves, Beginning of Year</b>	315,027	315,027	236,228
<b>Reserves, End of Year</b>	516,527	434,340	315,027

**Composition of Reserves**

For the year ended December 31	2010	2009
	\$	\$
<b>Reserves ► Administration</b>		
Contingency	2,511	---
<b>Reserves ► BBDE Fire Station</b>		
Working funds	50,000	50,000
Contingency	110,256	66,206
Equipment	55,191	44,691
Apparatus	152,791	148,130
Bunker gear	12,000	6,000
	380,238	315,027
<b>Reserves ► South Sherbrooke</b>		
Contingency	46,591	---
Bunker gear	5,000	---
	51,591	---
<b>Total Reserves</b>	434,340	315,027

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

**Drummond/North Elmsley Tay Valley Fire Rescue**  
**Schedule 2 ► Tangible Capital Assets**

**BBDE Fire Station**

**December 31, 2010**

Assets	Cost 01/01/10	Additions (Disposals)	Cost 31/12/10	Accumulated Amortization 01/01/10	Amortization 2010	Accumulated Amortization 31/12/10	Net Book Value 31/12/10
	\$	\$	\$	\$	\$	\$	\$
Land	30,000	---	30,000	---	---	---	30,000
Building	388,989	---	388,989	84,050	9,725	93,775	295,214
Vehicles	717,520	67,113	784,633	378,641	35,876	414,519	370,116
Equipment	28,202	29,451	57,653	740	1,922	2,862	54,791
	<b>1,164,711</b>	<b>96,564</b>	<b>1,261,275</b>	<b>463,631</b>	<b>47,523</b>	<b>511,154</b>	<b>750,121</b>

**December 31, 2009**

Assets	Cost 01/01/09	Additions (Disposals)	Cost 31/12/09	Accumulated Amortization 01/01/09	Amortization 2009	Accumulated Amortization 31/12/09	Net Book Value 31/12/09
	\$	\$	\$	\$	\$	\$	\$
Land	30,000	---	30,000	---	---	---	30,000
Building	388,989	---	388,989	74,325	9,725	84,050	304,939
Vehicles	723,985	(6,465)	717,520	349,165	29,476	378,641	338,879
	---	28,202	28,202	---	940	940	27,262
	<b>1,142,974</b>	<b>21,737</b>	<b>1,164,711</b>	<b>423,490</b>	<b>40,141</b>	<b>463,631</b>	<b>701,080</b>

**South Sherbrooke Fire Station**

**December 31, 2010**

Assets	Cost 01/01/10	Additions (Disposals)	Cost 31/12/10	Accumulated Amortization 01/01/10	Amortization 2010	Accumulated Amortization 31/12/10	Net Book Value 31/12/10
	\$	\$	\$	\$	\$	\$	\$
Equipment	---	3,886	3,886	---	130	130	3,756
Vehicles	11,368	---	11,368	568	567	1,135	10,233
	<b>11,368</b>	<b>3,886</b>	<b>15,254</b>	<b>568</b>	<b>697</b>	<b>1,265</b>	<b>13,989</b>

**December 31, 2009**

Assets	Cost 01/01/09	Additions (Disposals)	Cost 31/12/09	Accumulated Amortization 01/01/09	Amortization 2009	Accumulated Amortization 31/12/09	Net Book Value 31/12/09
	\$	\$	\$	\$	\$	\$	\$
Vehicles	---	11,368	11,368	---	568	568	10,800

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

**Drummond/North Elmsley Tay Valley Fire Rescue**  
**Schedule 3 ► Administration Operations**

For the year ended December 31	(Note 7) Budget	2010	2009
	\$	\$	\$
<b>Revenues</b>			
Net taxation municipal contributions			
► Township of Drummond/North Elmsley	85,780	<b>85,780</b>	84,665
► Tay Valley Township	76,070	<b>76,070</b>	75,685
Other			
► investment income	---	<b>2,902</b>	1,781
<b>Total Revenues</b>	161,850	<b>164,752</b>	162,131
<b>Expenditures</b>			
Fire chief salary and benefits	81,600	<b>86,813</b>	80,298
Secretary treasurer	26,000	<b>30,367</b>	23,726
Telephone	7,000	<b>7,612</b>	8,206
Training and seminars	2,500	<b>1,722</b>	1,725
Office supplies	4,000	<b>4,637</b>	4,734
Inspection and prevention	2,000	<b>1,937</b>	2,001
Professional fees	3,000	<b>1,500</b>	2,900
Fire service agreements	12,000	<b>17,625</b>	9,950
Insurance	11,250	<b>11,052</b>	11,104
Advertising, subscription and memberships	2,500	<b>2,124</b>	2,549
Fire prevention	---	---	522
Administration, other	10,000	<b>11,603</b>	9,820
<b>Total Expenditures</b>	161,850	<b>176,992</b>	157,535
<b>Annual (Deficit) Surplus</b>	---	<b>(12,240)</b>	4,596
<b>Accumulated Surplus, Beginning of Year</b>	14,751	<b>14,751</b>	10,155
<b>Accumulated Surplus, End of Year</b>	14,751	<b>2,511</b>	14,751

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

**Drummond/North Elmsley Tay Valley Fire Rescue**  
**Schedule 4 ▶ BBDE Fire Station Operations**

For the year ended December 31	(Note 7) Budget	2010	2009
	\$	\$	\$
<b>Revenues</b>			
Net taxation municipal contributions			
▶ Township of Drummond/North Elmsley	220,293	<b>220,293</b>	209,779
▶ Tay Valley Township	187,657	<b>187,657</b>	180,871
▶ capital items	10,000	<b>10,000</b>	10,000
Other			
▶ provincial highway rescue fees	---	<b>5,060</b>	5,425
▶ fire fees, inspections, donations	---	<b>20,150</b>	26,955
▶ grants	---	---	10,000
Sale of equipment / miscellaneous	---	<b>12,667</b>	3,450
<b>Total Revenues</b>	417,950	<b>455,827</b>	446,480
<b>Expenditures</b>			
Amortization			
Building	---	<b>9,725</b>	9,725
Vehicles	---	<b>35,876</b>	39,476
Equipment	---	<b>1,922</b>	940
Operations			
Firefighter honourariums	155,000	<b>155,964</b>	159,716
Communications maintenance	6,000	<b>5,706</b>	5,773
Training and seminars	18,500	<b>16,880</b>	16,672
Clothing	2,000	<b>1,441</b>	5,433
Bunker gear cleaning	2,500	<b>2,119</b>	---
Bunker gear	8,500	<b>7,996</b>	---
Loan repayment	27,300	<b>3,363</b>	4,260
Other	2,000	<b>2,386</b>	1,099
Fire Prevention			
Firefighter honourariums	1,500	<b>1,188</b>	42
Advertising, subscriptions and memberships	500	<b>411</b>	591
BBDE Fire Hall			
Power and water	8,000	<b>8,148</b>	5,520
Heating fuel	4,600	<b>2,965</b>	4,061
Building maintenance and other	8,100	<b>8,567</b>	8,380
Insurance	4,450	<b>4,450</b>	4,317
Vehicle and Equipment			
Minor equipment purchases	15,000	<b>11,449</b>	16,372
Vehicle and equipment maintenance	17,000	<b>17,145</b>	15,699
Fuel, oil, lubricants, etc.	8,000	<b>8,286</b>	8,215
Insurance	10,500	<b>10,500</b>	12,099
Minor capital	7,000	<b>3,862</b>	16,293
<b>Total Expenditures</b>	306,450	<b>320,349</b>	334,683
<b>Annual Surplus</b>	111,500	<b>135,478</b>	111,797
<b>Accumulated Surplus, Beginning of Year</b>	925,881	<b>925,881</b>	814,084
<b>Accumulated Surplus, End of Year</b>	1,037,381	<b>1,061,359</b>	925,881

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

**Drummond/North Elmsley Tay Valley Fire Rescue**  
**Schedule 5 ▶ South Sherbrooke Fire Station Operations**

For the year ended December 31	(Note 7) Budget	2010	2009
	\$	\$	\$
<b>Revenues</b>			
Net taxation municipal contributions			
▶ Tay Valley Township	161,050	<b>161,050</b>	158,250
<b>Total Revenues</b>	161,050	<b>161,050</b>	158,250
<b>Expenditures</b>			
Amortization	---	<b>697</b>	568
Operations			
Firefighter honourariums	67,000	<b>65,780</b>	51,518
Communications maintenance	4,500	<b>2,151</b>	4,206
Communications purchases	---	<b>1,647</b>	1,008
Training and seminars	10,000	<b>9,584</b>	7,331
Clothing	3,000	<b>2,281</b>	3,275
Bunker gear clothing	2,000	<b>1,201</b>	---
Other	2,500	<b>2,705</b>	3,500
Fire Prevention			
Advertising, subscriptions and memberships	1,500	<b>1,407</b>	497
Emergency First Response			
Firefighter honourariums	---	---	2,700
Medical supplies	2,000	<b>1,694</b>	1,539
Training and seminars	---	---	1,609
South Sherbrooke Fire Hall			
Power and water	1,350	<b>1,118</b>	1,369
Heating fuel	2,000	<b>1,774</b>	2,065
Building maintenance and other	4,500	<b>3,822</b>	2,348
Insurance	2,000	<b>2,000</b>	1,755
Vehicle and Equipment			
Minor equipment purchases	15,700	<b>14,244</b>	15,600
Vehicle and equipment maintenance	13,000	<b>16,831</b>	9,961
Fuel, oil, lubricants, etc.	2,000	<b>822</b>	1,251
Insurance	7,000	<b>7,000</b>	6,654
Minor capital	12,000	<b>12,000</b>	14,053
<b>Total Expenditures</b>	152,050	<b>148,758</b>	132,807
<b>Annual Surplus</b>	9,000	<b>12,292</b>	25,443
<b>Accumulated Surplus, Beginning of Year</b>	53,287	<b>53,287</b>	27,844
<b>Accumulated Surplus, End of Year</b>	62,287	<b>65,579</b>	53,287

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