

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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**Tay Valley Township
Consolidated
Financial Statements
December 31, 2012**

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

December 31	2012	2011	2010	2009	2008
Population (Statistics Canada)	5,571	5,571	6,000	5,912	5,778
Number of Households (MPAC)	3,868	3,843	3,825	3,814	3,777
Taxable Assessment (000's)	\$	\$	\$	\$	\$
Residential and farm	973,455	902,035	831,170	761,827	697,864
Commercial and industrial	47,310	42,272	40,894	40,618	39,451
Total	1,020,765	944,307	872,064	802,445	737,315
Commercial, industrial as % of assessment	4.63%	4.40%	4.70%	5.10%	5.30%
Rates of Taxation					
Residential					
▸ for general municipal purposes	0.396556	0.404645	0.413418	0.433828	0.441727
▸ for county purposes	0.418354	0.431698	0.443520	0.456070	0.473258
▸ for school board purposes	0.221000	0.231000	0.241000	0.252000	0.264000
Total	1.035910	1.067343	1.097938	1.141898	1.178985
Multi-Residential (total)	2.235244	2.267276	2.293008	2.344241	2.349526
Commercial (total)	2.717630	2.802743	2.895237	3.002690	3.075127
Industrial (total)	3.886101	4.268753	4.856974	5.141215	5.339659
Tax Arrears ▸ percentage of current levy (>10%)	5.61%	5.30%	3.96%	5.11%	4.44%
Taxes Transferred (000's)					
▸ County	4,519	4,315	4,110	3,892	3,690
▸ School Boards	2,804	2,813	2,850	2,832	2,759
Revenues (000's)	\$	\$	\$	\$	\$
▸ Taxation and payments in lieu	4,278	4,057	3,837	3,696	3,450
▸ Government transfers	750	731	710	692	1,145
▸ Fees and service charges	352	353	281	205	348
▸ Other	431	434	428	295	330
▸ Revenues related to capital assets	6	763	954	598	754
Total	5,817	6,338	6,210	5,486	6,027
Expenditures (000's)					
▸ Operations	5,707	5,497	5,490	4,751	4,573
▸ Amortization	651	630	582	508	490
Net Assets (Net Debt)					
▸ % of Operating Revenue (>(20%)) **	43.77%	38.48%	41.30%	56.74%	62.35%
▸ % of Taxation (>(50%)) **	59.45%	52.88%	56.58%	75.03%	95.31%

** Represents the Provincial Low Risk Indicator.
(Note: All dollar amounts are in thousands of dollars.)

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

December 31	2012	2011	2010	2009	2008
	\$	\$	\$	\$	\$
Long Term Debt					
▸ Net long term debt (000's)	923	955	732	43	53
▸ Long term debt charges (000's)	81	58	12	12	---
▸ Annual repayment limit (000's)	1,089	1,019	1,013	994	921
▸ Long term debt per household	239	248	191	11	14
▸ Debt charges (000's)					
▸ tax supported	81	58	12	12	---
Municipal Equity (000's)					
▸ Surplus and Reserves	3,524	3,116	2,962	2,876	3,401
▸ Invested in capital assets	9,221	9,518	8,862	8,229	6,969
▸ Net book value of original cost	58.50%	61.54%	61.85%	60.79%	58.90%
▸ Reserves as % of operating expenses (>20%) **	61.52%	56.32%	53.21%	54.87%	74.37%
Financial Indicators					
▸ Sustainability					
▸ financial assets to liabilities	1.95	1.85	1.85	2.85	3.56
▸ financial assets to liabilities excluding long term debt	3.06	3.02	2.60	2.94	3.72
▸ Flexibility					
▸ Debt charges to total operating revenue (<5%) **	1.40%	0.88%	0.24%	0.26%	0.00%
▸ Total operating revenue to taxable assessment	0.57%	0.59%	0.60%	0.61%	0.72%
▸ Working capital to operating expenses (>10%)**	7.89%	8.19%	8.15%	9.47%	9.84%
▸ Vulnerability					
▸ Operating government transfers ▸ to operating revenue	12.90%	13.12%	13.37%	13.81%	12.53%
▸ Total government transfers ▸ to total revenues	12.89%	22.47%	25.63%	20.24%	31.38%



Tay Valley Township

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of Tay Valley Township (the 'Township') are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of significant accounting policies are described in note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

The Committee of the Whole meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by Allan Chartered Accountant Professional Corporation, independent external auditors appointed by the Town. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

Malcolm Morris
Chief Administrative Officer

Peter Trantor
Treasurer

INDEPENDENT AUDITOR'S 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, 2012 and the consolidated statement of operations, 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 Public Sector Accounting Standards 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.

Auditor's 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 auditor's 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, 2012 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.



Chartered Accountants

Licensed Public Accountants

Allan Chartered Accountants Professional Corporation

Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Perth, Ontario,
June 18, 2013.

Tay Valley Township
Consolidated Statement of Financial Position

December 31	2012	2011
	\$	\$
ASSETS		
Financial Assets		
Cash and short term deposits	4,518,334	3,568,088
Taxes receivable (allowance \$50,000)	597,398	462,286
Accounts receivable	330,534	618,894
Other	1,550	1,550
Long term receivables (note 5)	54,140	28,616
	5,501,956	4,679,434
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	371,712	290,910
Accrued landfill closure and post closure (note 10)	387,500	362,500
Accrued post employment benefits	47,198	49,566
Prepaid property taxes	271,301	175,006
Deferred revenues (note 4)	680,832	468,006
Other current liabilities	222,624	204,084
Long term liabilities (note 5)	976,828	984,068
	2,957,995	2,534,140
NET FINANCIAL ASSETS	2,543,961	2,145,294
NON-FINANCIAL ASSETS		
Tangible capital assets (note 15)	10,143,286	10,474,298
Inventories	58,750	15,000
	10,202,036	10,489,298
Commitments (note 13) Contingent Liabilities (note 12)		
MUNICIPAL EQUITY (note 6)	12,745,997	12,634,592

Approved On Behalf of Council:

Reeve

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

Tay Valley Township
Consolidated Statement of Operations

For the year ended December 31	(Note 17) Budget	2012	2011
	\$	\$	\$
REVENUES			
Taxation ▸ residential	3,771,000	3,824,149	3,559,391
▸ commercial and industrial	410,000	397,449	441,470
▸ other governments	56,000	56,987	56,303
User charges ▸ protection to persons and property	7,500	28,739	84,376
▸ waste disposal	81,900	95,853	82,408
▸ planning and zoning	81,000	57,146	51,033
▸ other	124,871	169,856	155,422
Government transfers	733,843	749,693	731,361
Licences and permits	104,000	114,272	125,344
Investment income	75,000	73,998	64,775
Penalties and interest on taxes	85,000	104,977	97,000
Provincial offences	80,000	100,385	135,718
Other	10,064	38,336	10,026
TOTAL REVENUES	5,600,178	5,811,840	5,574,627
EXPENDITURES			
General government	907,567	874,580	849,361
Protection to persons and property	1,262,078	1,280,887	1,210,121
Transportation services	2,168,269	2,165,357	2,069,734
Environmental services	555,850	637,072	633,958
Social and health services	---	2,866	4,783
Recreation and cultural services	504,021	528,168	489,501
Planning and development	242,000	217,898	239,719
TOTAL EXPENDITURES	5,639,785	5,706,828	5,497,177
NET REVENUES (EXPENDITURES) FROM OPERATIONS	(39,607)	105,012	77,450
OTHER			
Grants and transfers related to capital			
Government transfers	---	---	693,000
Contributions from developers	---	6,393	70,000
	---	6,393	763,000
ANNUAL SURPLUS (DEFICIT)	(39,607)	111,405	840,450
MUNICIPAL EQUITY, BEGINNING OF YEAR	12,634,592	12,634,592	11,794,142
MUNICIPAL EQUITY, END OF YEAR	12,594,985	12,745,997	12,634,592

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

Tay Valley Township

Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31	(Note 17) Budget	2012	2011
	\$	\$	\$
ANNUAL SURPLUS (DEFICIT)	(39,607)	111,405	840,450
Amortization of tangible capital assets	650,675	650,675	629,909
Acquisition of tangible capital assets	(319,663)	(319,663)	(1,510,959)
(Disposal) acquisition of supplies inventories	---	(43,750)	15,000
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	291,405	398,667	(25,600)
 NET FINANCIAL ASSETS, BEGINNING OF YEAR	 2,145,294	 2,145,294	 2,170,894
NET FINANCIAL ASSETS, END OF YEAR	2,436,699	2,543,961	2,145,294

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

Tay Valley Township
Consolidated Statement of Cash Flows

For the year ended December 31	2012	2011
	\$	\$
OPERATING		
Annual surplus for the year	111,405	840,450
Amortization	650,675	629,909
	762,080	1,470,359
Net Change in Non-Cash Working Capital Balances		
Taxes receivable	(135,112)	(88,319)
Prepaid property taxes	96,295	41,580
Accounts receivable	288,360	218,037
Accounts payable and accrued liabilities	80,803	(492,494)
Accrued landfill closure and post closure	25,000	25,000
Deferred revenues	212,825	153,002
Inventories	(43,750)	15,000
Post retirement benefits	(2,368)	(3,807)
Other current liabilities	(6,984)	16,753
	515,069	(115,248)
Working Capital from Operations	1,277,149	1,355,111
CAPITAL		
Acquisition of tangible capital assets	(319,663)	(1,510,959)
Net investment in tangible capital assets	(319,663)	(1,510,959)
FINANCING		
Debt issued under tile loan program	30,600	---
Debt issued for Township purposes	---	250,000
Debt principal repayments	(37,840)	(26,288)
Net increase in cash from financing activities	(7,240)	223,712
NET INCREASE IN CASH	950,246	67,864
CASH, BEGINNING OF YEAR	3,568,088	3,500,224
CASH, END OF YEAR	4,518,334	3,568,088

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

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2012

1. Status of 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

Basis of Presentation

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 Public Sector Accounting Standards for local governments as recommended by the Public Sector Accounting Board ('PSAB') of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies by the Township are as follows:

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.

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.

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2012

2. Significant Accounting Policies / continued

Basis of Accounting / continued

- (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.
- (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.

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.

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.

Inventories and Prepaid Expenses

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

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2012

2. Significant Accounting Policies / continued

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 benefit plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

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.

Cash and Cash Equivalents

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

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.

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 Parkland funds 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.

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.

Landfill Closure and Post-Closure Liabilities

The Township 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.

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2012

2. Significant Accounting Policies / continued

Landfill Closure and Post-Closure Liabilities / continued

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.

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.

Measurement Uncertainty

The preparation of consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions on such areas as employee benefits, assessment appeals and environmental provisions. These estimates and assumptions are based on the Township's best information and judgment and may differ significantly based on actual results.

3. Operations of the School Boards and County of Lanark

During 2012, 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:

	School Boards \$	County \$
Property taxes	2,804,300	4,460,373
Taxation from other governments	---	58,210
Amounts requisitioned and paid	2,804,300	4,518,583

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2012

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
	\$	\$	\$	\$	\$
January 1, 2012	1,550	109,203	33,132	324,121	468,006
Contributions from developers	---	35,000	3,700	---	38,700
Interest	---	1,860	505	5,331	7,696
Government grants	---	---	---	172,823	172,823
Transfer to capital fund	---	(6,393)	---	---	(6,393)
December 31, 2012	1,550	139,670	37,337	502,275	680,832

5. Long Term Liabilities

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

	2012	2011
	\$	\$
Ontario Infrastructure Projects Corporation (4.45%), debenture for the Township offices with semi annual blended payments of \$46,686 maturing 2035.	667,877	684,292
Ontario Infrastructure Projects Corporation (4.25%), debenture for the South Sherbrooke Fire Hall with semi annual blended payments of \$16,333 maturing 2036.	244,231	250,000
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%	10,580	21,160
Instalment debentures with the Province of Ontario under the Ontario Tile Loan Program. The responsibility for payment 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	54,140	28,616
Net long term liabilities at the end of the year	976,828	984,068

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2012

5. Long Term Liabilities / continued

(b) Principal payments fall due as follows:

	General Revenues
	\$
2013	41,315
2014	32,365
2015	33,931
2016	35,574
2017	30,505
2018 and thereafter	803,138
	976,828

(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 2012 amounted to \$43,258 (2011 \$32,111).

6. Municipal Equity

Municipal equity consists of:

	2012	2011
	\$	\$
Invested in tangible capital assets	10,143,286	10,474,298
Long term liabilities	(922,688)	(955,452)
	9,220,598	9,518,846
Unrestricted surplus	14,415	19,514
Reserves (Schedule 1)	3,472,260	3,069,278
Reserve Funds (Schedule 1)	38,724	26,954
Total Municipal Equity	12,745,997	12,634,592

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2012

7. Pension Contributions

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS was \$95,943 (2011 \$76,711) for current services and is included as an expenditure on the Consolidated Statement of Operations classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

8. Trust Funds

Trust funds administered by the Township amounting to \$26,562 (2011 \$34,355) 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.

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2012

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.

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 140,000 cubic metres for the Glen Tay site, with annual usage projected as 4,300 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 2012 was \$492,157 (2011 \$474,472).

The Municipality has negotiated a long term contract with Stanley Sanitation Ltd. for the disposal and transfer of recycled materials and waste. The contract ends August 31, 2014. Annual charges are determined based on the volume of recycled goods that are transferred. The contract for 2012 approximated \$207,377 (2011 \$175,494).

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, 2012, 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, 2012

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, 2011.

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.

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.

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, 2012

15. Tangible Capital Assets

	2012	2011
	\$	\$
Land	136,257	136,257
Buildings	3,485,236	3,505,525
Bridges	2,698,921	2,738,062
Equipment	653,064	539,815
Roads	2,221,904	2,537,307
Vehicles	947,904	1,017,332
	<u>10,143,286</u>	<u>10,474,298</u>

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

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 operations.

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.

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2012

16. Segmented Information / continued

2012	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$
General Government						
Governance	117,409	---	14,422	---	---	131,831
Corporate Management & Program Support	560,781	40,834	120,433	4,850	15,851	742,749
Protection to Persons and Property						
Fire	214,929	740	199,937	---	98,832	514,438
Police	---	---	485,218	---	---	485,218
Conservation Authority	---	---	---	59,286	---	59,286
Protective Inspection	92,628	---	129,317	---	---	221,945
Transportation						
Roadways	467,235	---	903,618	---	512,072	1,882,925
Winter Control	70,506	---	198,486	---	---	268,992
Street Lighting	---	---	13,440	---	---	13,440
Environmental						
Waste Services	180,116	---	282,616	---	---	462,732
Recycling	---	---	174,340	---	---	174,340
Health Services						
Cemeteries	---	---	2,866	---	---	2,866
Recreation and Cultural Services						
Recreation Facilities & Programs	---	---	29,720	35,250	---	64,970
Recreation Facilities Other	18,837	---	263,716	---	---	282,553
Libraries	113,994	---	40,035	2,696	23,920	180,645
Planning and Development						
Planning & Zoning	141,760	---	73,438	2,700	---	217,898
2012	1,978,195	41,574	2,931,602	104,782	650,675	5,706,828

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2012

16. Segmented Information / continued

2011	Salaries, Wages & Employee Benefits	Debt Interest	Materials & Services	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$
General Government						
Governance	113,687	---	15,708	---	---	129,395
Corporate Management & Program Support	441,746	30,977	232,243	---	---	704,966
Protection to Persons and Property						
Fire	215,538	1,134	218,354	---	91,392	526,418
Police	---	---	458,802	---	---	458,802
Conservation Authority	---	---	---	56,601	---	56,601
Protective Inspection	70,888	---	97,412	---	---	168,300
Transportation						
Roadways	414,411	---	952,959	---	512,516	1,879,886
Winter Control	39,058	---	159,843	---	---	198,701
Street Lighting	---	---	6,147	---	---	6,147
Environmental						
Waste Services	160,775	---	323,859	---	---	484,634
Recycling	---	---	149,324	---	---	149,324
Health Services						
Cemeteries	---	---	4,783	---	---	4,783
Recreation and Cultural Services						
Recreation Facilities & Programs	---	---	28,856	---	---	28,856
Recreation Facilities Other	20,098	---	209,368	3,612	26,001	259,079
Libraries	103,971	---	59,723	37,872	---	201,566
Planning and Development						
Planning & Zoning	136,899	---	100,320	2,500	---	239,719
2011	1,717,071	32,111	3,017,501	100,585	629,909	5,497,177

17. Budget Figures

The operating budget approved by Township Council for 2012 is reflected on the Consolidated Statement of Operations. The budgets established for capital investment in tangible capital assets are on a project oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with 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 consolidated 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	2012	2011
	\$	\$	\$
Revenues			
Investment income	---	81	75
Total Net Revenues	---	81	75
Net Transfers From / (To) Other Funds			
Transfers from operations	(43,000)	(36,549)	668,087
Transfers to capital acquisitions	251,920	451,220	(497,959)
Total Net Transfers	208,920	414,671	170,128
Reserves and Reserve Fund Balances, Change In Year	208,920	414,752	170,203
Reserves and Reserve Fund Balances, Beginning of Year	3,096,232	3,096,232	2,926,029
Reserves and Reserve Fund Balances, End of Year	3,305,152	3,510,984	3,096,232

Composition of Reserves and Reserve Funds

For the year ended December 31	2012	2011
	\$	\$
Reserves set aside for specific purposes by Council:		
► for working capital	450,000	450,000
► for acquisition of capital assets	2,276,704	1,813,799
► for contingencies	438,734	505,098
► for waste sites	---	24,488
► for Pinehurst cemetery	6,253	5,753
► for library and fire joint boards	300,569	270,140
Total Reserves	3,472,260	3,069,278
Reserve Funds		
► for library	38,724	26,954
Total Reserves and Reserve Funds	3,510,984	3,096,232

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

Tay Valley Township
Schedule 2 ▸ 2012 Tangible Capital Assets

Asset Class	Cost 01/01/12	Additions	(Disposals)	Cost 31/12/12
	\$	\$	\$	\$
Land	136,257	---	---	136,257
Buildings	4,185,760	55,285	---	4,241,045
Bridges	4,423,999	25,166	---	4,449,165
Equipment	999,103	183,783	---	1,182,886
Roads	5,076,190	---	---	5,076,190
Vehicles	2,199,370	55,429	---	2,254,799
	17,020,679	319,663	---	17,340,342

Asset Class	Accumulated Amortization 01/01/12	Amortization	(Disposals)	Accumulated Amortization 31/12/12	Net Book Value 31/12/12
	\$	\$	\$	\$	\$
Land	---	---	---	---	136,257
Buildings	680,235	75,574	---	755,809	3,485,236
Bridges	1,685,937	64,307	---	1,750,244	2,698,921
Equipment	459,288	70,534	---	529,822	653,064
Roads	2,538,883	315,403	---	2,854,286	2,221,904
Vehicles	1,182,038	124,857	---	1,306,895	947,904
	6,546,381	650,675	---	7,197,056	10,143,286

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

Tay Valley Township
Schedule 2 ► 2011 Tangible Capital Assets

Asset Class	Cost 01/01/11	Additions	(Disposals)	Cost 31/12/11
	\$	\$	\$	\$
Land	136,257	---	---	136,257
Buildings	3,374,229	811,531	---	4,185,760
Bridges	3,976,604	447,395	---	4,423,999
Equipment	999,103	---	---	999,103
Roads	5,076,190	---	---	5,076,190
Vehicles	1,947,337	252,033	---	2,199,370
	15,509,720	1,510,959	---	17,020,679

Asset Class	Accumulated Amortization 01/01/11	Amortization	(Disposals)	Accumulated Amortization 31/12/11	Net Book Value 31/12/11
	\$	\$	\$	\$	\$
Land	---	---	---	---	136,257
Buildings	608,715	71,520	---	680,235	3,505,525
Bridges	1,622,259	63,678	---	1,685,937	2,738,062
Equipment	398,094	61,194	---	459,288	539,815
Roads	2,223,480	315,403	---	2,538,883	2,537,307
Vehicles	1,063,924	118,114	---	1,182,038	1,017,332
	5,916,472	629,909	---	6,546,381	10,474,298

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

INDEPENDENT AUDITOR'S 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, 2012 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 Public Sector Accounting Standards 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.

Auditor's 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 auditor's 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, 2012 and the financial activities for the year then ended in accordance with Canadian Public Sector Accounting Standards.



Chartered Accountants

Licensed Public Accountants

Allan Chartered Accountants Professional Corporation

Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Perth, Ontario,
June 18, 2013.

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

December 31	Education	Pinehurst Cemetery	OHRP	2012	2011
	\$	\$	\$	\$	\$
ASSETS					
Cash	661	25,901	---	26,662	25,427
Long term receivables	---	---	---	---	8,928
	661	25,901	---	26,662	34,355
LIABILITIES					
Fund balance	661	25,901	---	26,662	34,355
	661	25,901	---	26,662	34,355

Statement of Financial Activities

For the year ended December 31	Education	Pinehurst Cemetery	OHRP	2012	2011
	\$	\$	\$	\$	\$
REVENUES					
Bank interest	10	361	---	371	339
Sale of plots, donations	---	1,200	---	1,200	2,550
	10	1,561	---	1,571	2,889
EXPENDITURES					
Admin fees	---	---	108	108	---
Loan forgiveness	---	---	8,928	8,928	---
Pinehurst Cemetery	---	328	---	328	177
	---	328	9,036	9,364	177
NET (EXPENDITURES) REVENUES FOR THE YEAR					
	10	1,233	(9,036)	(7,993)	2,712
BALANCE AT THE BEGINNING OF THE YEAR					
	661	24,668	9,036	34,355	31,643
BALANCE AT THE END OF THE YEAR					
	661	25,901	---	26,662	34,355

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

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

December 31, 2012

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**

December 31	2012	2011
	\$	\$
ASSETS		
Cash	14,418	12,069
FUND BALANCES		
Current fund	13,373	11,024
Reserves	1,045	1,045
	14,418	12,069

Statement of Operations

For the year ended December 31	2012	2011
	\$	\$
REVENUES		
Other		
Investment income	329	177
Sale of plots, donations	3,686	4,999
Perpetual Care	1,200	2,550
	5,215	7,726
EXPENDITURES		
Honorariums, salaries and wages	1,325	1,375
Materials and services	341	858
Trustee	1,200	2,550
	2,866	4,783
NET REVENUES FOR THE YEAR	2,349	2,943

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

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Perth & District Union Public Library Board (the 'Board') are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of significant accounting policies are described in note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

The Board meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the financial statements.

The financial statements have been audited by Allan Chartered Accountant Professional Corporation, independent external auditors appointed by the Board. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

Elizabeth Goldman, CEO

Michael Lamping, Secretary-Treasurer

Chartered Accountant Professional Corporation
INDEPENDENT AUDITOR'S 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 Perth & District Union Public Library Board as at December 31, 2012 and the statements of operations, changes 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 Perth & District Union Public Library Board's management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, 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.

Auditor's 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 auditor's 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, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.



Chartered Accountants

Licensed Public Accountants

Allan Chartered Accountants Professional Corporation

Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Perth, Ontario,
March 18, 2013.

Perth & District Union Public Library Board
Statement of Financial Position

December 31	2012	2011
	\$	\$
ASSETS		
Financial Assets		
Cash	252,174	219,230
Accounts receivable	53,642	12,199
	305,816	231,429
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	36,648	19,474
NET FINANCIAL ASSETS	269,168	211,955
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4) (Schedule 2)	503,467	528,149
ACCUMULATED SURPLUS (note 3)	772,635	740,104

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

Perth & District Union Public Library Board
Statement of Operations

For the year ended December 31	(Note 6) Budget	2012	2011
	\$	\$	\$
REVENUES			
Government Grants	186,496	186,496	180,065
Municipal Grants ▶ Perth	147,627	147,627	139,279
▶ Tay Valley	135,877	135,877	128,356
▶ Drummond/North Elmsley	42,800	42,817	42,817
Provincial Grants ▶ Operating	---	15,374	22,055
Other Grants	5,000	8,670	7,896
User Charges ▶ fees and service charges	---	---	---
Other Income	---	---	---
Fines, other	8,600	9,083	9,461
Interest	---	3,854	2,814
Rentals	200	310	560
Book sales	---	2,033	1,680
Donations	---	46,397	47,110
TOTAL REVENUES	526,600	598,538	582,093
EXPENDITURES			
Salaries, wages and employee benefits	351,800	362,923	334,203
Amortization of books	54,000	56,482	56,514
Miscellaneous books and equipment	3,400	---	360
Periodicals and newspapers	1,600	3,862	4,849
Utilities, telephone	20,000	17,435	17,863
Special programs, activities	3,000	55,098	63,296
Insurance, professional fees	15,400	18,483	16,153
Internet, videos, miscellaneous	5,200	3,157	5,101
Library, photocopy supplies	13,800	12,069	10,220
Building amortization	---	18,100	18,100
Maintenance and repairs	15,600	16,825	17,262
Equipment and shelving amortization	---	1,573	10,816
Grants to other libraries	3,300	---	3,271
TOTAL EXPENDITURES	487,100	566,007	557,808
ANNUAL SURPLUS	39,500	32,531	24,285
ACCUMULATED SURPLUS, BEGINNING OF YEAR	740,104	740,104	715,819
ACCUMULATED SURPLUS, END OF YEAR	779,604	772,635	740,104

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

**Perth & District Union Public Library Board
Statement of Changes in Net Financial Assets**

For the year ended December 31	2012	2011
	\$	\$
ANNUAL SURPLUS	32,530	24,285
Amortization of tangible capital assets	76,155	85,430
Acquisition of tangible capital assets	(51,472)	(52,646)
INCREASE IN NET FINANCIAL ASSETS	57,213	57,069
 NET FINANCIAL ASSETS, BEGINNING OF YEAR	 211,955	 154,886
 NET FINANCIAL ASSETS, END OF YEAR	 269,168	 211,955

Statement of Cash Flows

For the year ended December 31	2012	2011
	\$	\$
OPERATING		
Annual surplus	32,530	24,285
 Net Change in Non-Cash Working Capital Items		
Accounts receivable	(41,443)	2,829
Accounts payable and accrued liabilities	16,671	(22,223)
Due to Town of Perth	503	(5,540)
	(24,269)	(24,934)
Non-cash change to operations		
Amortization	76,155	85,430
Working Capital from Operations	76,155	84,781
 CAPITAL		
Acquisition of tangible capital assets	(51,472)	(52,646)
NET INCREASE IN CASH	32,944	32,135
CASH, BEGINNING OF YEAR	219,230	187,095
 CASH, END OF YEAR	 252,174	 219,230

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

Perth & District Union Public Library Board

Notes to the Financial Statements

December 31, 2012

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 Public Sector Accounting Standards for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies by the Board are as follows:

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.

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.

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

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.

Perth & District Union Public Library Board
Notes to the Financial Statements

December 31, 2012

2. Significant Accounting Policies / continued

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.

Cash and Cash Equivalents

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

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.

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.

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.

Measurement Uncertainty

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.

Perth & District Union Public Library Board
Notes to the Financial Statements

December 31, 2012

3. Accumulated Surplus

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

	2012	2011
	\$	\$
Surplus		
Invested in tangible capital assets	503,467	528,149
Reserves		
Insurance	3,000	3,000
Contingency	34,330	34,330
Infrastructure	74,529	54,529
Pay equity	3,366	3,366
Literacy	5,659	5,088
Books	25,000	25,000
Total Reserves	145,884	125,313
Reserve Funds		
B & M	2,548	2,382
Capital	79,575	47,862
Books	24,901	20,203
Hooper	16,260	16,195
	123,284	86,642
Total Reserves and Reserve Funds	269,168	211,955
Accumulated Surplus	772,635	740,104

4. Tangible Capital Assets

Net Book Value of Assets	2012	2011
	\$	\$
Land	125,000	125,000
Buildings	211,321	229,421
Books	167,146	172,155
Shelving	---	1,573
	503,467	528,149

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

December 31, 2012

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, 2011.

(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) 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.

6. Budget Figures

Perth & District Union Public Library Board reviews its operating and capital budgets each year. The approved operating budget for 2012 is included in the budget figures presented in the Statement of Operations.

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

For the year ended December 31	(Note 6) Budget	2012	2011
	\$	\$	\$
Revenues			
Interest	---	231	241
Total Net Transfers Approved By Board	59,500	56,982	56,828
Reserves, Change in Year	59,500	57,213	57,069
Reserves, Beginning of Year	211,955	211,955	154,886
Reserves, End of Year	271,455	269,168	211,955

Composition of Reserves

For the year ended December 31	2012	2011
	\$	\$
Reserves		
Insurance	3,000	3,000
Contingency	34,330	34,330
Building expansion	74,529	54,529
Pay equity	3,366	3,366
Literacy	5,659	5,088
Books	25,000	25,000
Total Reserves	145,884	107,684
Reserve Funds		
B & M	2,548	2,382
Capital	79,575	47,862
Books	24,901	20,203
Hooper	16,260	16,195
	123,284	86,642
Total Reserves and Reserve Funds	269,168	211,955

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

Perth & District Union Public Library Board
Schedule 2 ► Tangible Capital Assets

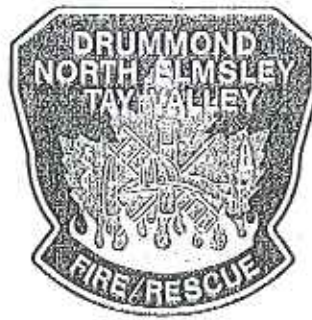
December 31, 2012

Assets	Cost 01/01/12	Additions (Disposals)	Cost 31/12/12	Accumulated Amortization 01/01/12	Amortization 2012	Accumulated Amortization 31/12/12	Net Book Value 31/12/12
	\$	\$	\$	\$	\$	\$	\$
Land	125,000	---	125,000	---	---	---	125,000
Building	724,006	---	724,006	494,585	18,100	512,685	211,321
Books	524,116	51,473	575,589	351,961	56,482	408,443	167,146
Shelving	84,627	---	84,627	83,054	1,573	84,627	---
Machinery & Equipment	13,798	---	13,798	13,798	---	13,798	---
	1,471,547	51,473	1,523,020	943,398	76,155	1,019,553	503,467

December 31, 2011

Assets	Cost 01/01/11	Additions (Disposals)	Cost 31/12/11	Accumulated Amortization 01/01/11	Amortization 2011	Accumulated Amortization 31/12/11	Net Book Value 31/12/11
	\$	\$	\$	\$	\$	\$	\$
Land	125,000	---	125,000	---	---	---	125,000
Building	724,006	---	724,006	476,485	18,100	494,585	229,421
Books	471,470	52,646	524,116	295,447	56,514	351,961	172,155
Shelving	84,627	---	84,627	74,591	8,463	83,054	1,573
Machinery & Equipment	13,798	---	13,798	11,445	2,353	13,798	---
	1,418,901	52,646	1,471,547	857,968	85,430	943,398	528,149

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



Fire Department Administration
14 Sherbrooke St. E. Perth, ON K7H 1A2
Office: 613-267-2596 Fax: 613-264-8561

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Drummond/North Elmsley Tay Valley Fire Rescue's (the 'Board') are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involved the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters. The Board of Directors meets with management subsequently to review these same matters prior to the Board's approval of the financial statements.

The financial statements have been audited by Allan Chartered Accountant Professional Corporation, independent external auditors appointed by the Board. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

INDEPENDENT AUDITOR'S 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, 2012 and the statement of operations, changes 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 Public Sector Accounting Standards, 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, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.



Chartered Accountants

Licensed Public Accountants

Allan Chartered Accountants Professional Corporation

Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Perth, Ontario,
May 13, 2013.

Drummond/North Elmsley Tay Valley Fire Rescue
Statement of Financial Position

December 31	2012	2011
	\$	\$
ASSETS		
Financial Assets		
Cash	435,529	436,769
Government receivable	96,220	46,485
Accounts receivable	9,792	3,115
	541,541	486,369
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	58,499	51,593
Long term liabilities (note 3)	23,000	46,000
	81,499	97,593
NET FINANCIAL ASSETS	460,042	388,776
NON-FINANCIAL ASSETS		
Tangible capital assets (note 6) (Schedule 2)	887,140	829,946
ACCUMULATED SURPLUS (note 5)	1,347,182	1,218,722

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

Drummond/North Elmsley Tay Valley Fire Rescue Statement of Operations

For the year ended December 31	(Note 7) Budget	2012	2011
	\$	\$	\$
REVENUE			
Municipal contributions			
> Township of Drummond/North Elmsley	333,381	333,500	321,000
> Tay Valley Township	476,164	476,164	447,360
Other			
> provincial highway rescue fees	---	16,810	10,660
> fire fees, inspections	---	9,015	39,425
> investment income	---	3,413	5,547
TOTAL REVENUES	809,545	838,902	823,992
EXPENDITURE			
Administration (Schedule 3)	198,295	203,760	198,670
BBDE Fire Station (Schedule 4)	328,250	343,266	370,659
South Sherbrooke Fire Station (Schedule 5)	174,500	177,626	170,390
TOTAL EXPENDITURE	701,045	724,642	739,719
NET REVENUE FROM OPERATIONS	108,500	114,260	84,273
OTHER			
Grants and transfers related to capital			
Government transfers	---	14,200	5,000
	---	14,200	5,000
ANNUAL SURPLUS	108,500	128,460	89,273
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,218,722	1,218,722	1,129,449
ACCUMULATED SURPLUS, END OF YEAR	1,327,222	1,347,182	1,218,722

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

Drummond/North Elmsley Tay Valley Fire Rescue
Statement of Changes in Net Financial Assets

For the year ended December 31	2012	2011
	\$	\$
ANNUAL SURPLUS	128,460	89,273
Amortization of tangible capital assets	63,304	48,220
Acquisition of tangible capital assets	(120,498)	(114,056)
INCREASE IN NET FINANCIAL ASSETS	71,266	23,437
NET FINANCIAL ASSETS, BEGINNING OF YEAR	388,776	365,339
NET FINANCIAL ASSETS, END OF YEAR	460,042	388,776

Statement of Cash Flows

For the year ended December 31	2012	2011
	\$	\$
OPERATING		
Annual surplus	128,460	89,273
Net Change in Non-Cash Working Capital Items		
Government receivable	(6,677)	---
Accounts receivable	(49,735)	180,393
Accounts payable and accrued liabilities	6,906	29,693
	(49,506)	210,086
Non-cash charges to operations		
Amortization	63,304	48,220
Working Capital from Operations	142,258	347,579
CAPITAL		
Acquisition of tangible capital assets	(120,498)	(114,056)
FINANCING		
Debt principal repayments	(23,000)	(23,000)
Net decrease in cash from financing activities	(23,000)	(23,000)
NET (DECREASE) INCREASE IN CASH	(1,240)	210,523
CASH, BEGINNING OF YEAR	436,769	226,246
CASH, END OF YEAR	435,529	436,769

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, 2012

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 Public Sector Accounting Standards for organizations operating in the local government sector as recommended by the Public Sector Accounting Board ('PSAB') of the Canadian Institute of Chartered Accountants. Significant aspect of the accounting policies by the Board are as follows:

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.

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.

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.

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.

Drummond/North Elmsley Tay Valley Fire Rescue

Notes to the Financial Statements

December 31, 2012

2. Significant Accounting Policies / continued

Cash and Cash Equivalents

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

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.

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.

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.

Measurement Uncertainty

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions on such areas as employee benefits, assessment appeals and environmental provisions. These estimates and assumptions are based on the Board's best information and judgment and may differ significantly based on actual results.

Drummond/North Elmsley Tay Valley Fire Rescue

Notes to the Financial Statements

December 31, 2012

3. Long Term Liabilities

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

	2012	2011
	\$	\$
Serial debenture debt issued by the Township of Drummond / North Elmsley maturing 2013 with interest rate of 3.90%	23,000	43,000

- (b) Principal payments fall due as follows:

	\$
2013	23,000

- (c) Interest expense on long term liabilities in 2012 amounted to \$1,581 (2011 \$2,466).
-

4. 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, 2011.

(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.

Drummond/North Elmsley Tay Valley Fire Rescue

Notes to the Financial Statements

December 31, 2012

4. Risk Management / continued

(c) 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.

5. Accumulated Surplus

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

	2012	2011
	\$	\$
Surplus		
BBDE Fire Station		
▸ invested in tangible capital assets	851,546	770,655
South Sherbrooke Fire Station		
▸ invested in tangible capital assets	12,592	13,290
	864,138	783,945
Reserves ▸ Administration		
Contingency	6,511	4,511
Reserves ▸ BBDE Fire Station		
Working funds	50,000	50,000
Contingency	120,257	115,256
Equipment	100,437	65,691
Apparatus	121,568	123,620
Bunker gear	24,000	18,000
	416,262	372,567
Reserves ▸ South Sherbrooke		
Contingency	45,271	47,699
Bunker gear	15,000	10,000
	60,271	57,699
Total Reserves	483,044	434,777
	1,347,182	1,218,722

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

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

December 31, 2012

6. Tangible Capital Assets

Net Book Value of Assets	2012	2011
	\$	\$
Land	30,000	30,000
Building	275,764	285,489
Vehicles	526,931	457,980
Equipment	54,445	56,497
	887,140	829,946

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

7. Budget Figures

Drummond/North Elmsley Tay Valley Fire Rescue reviews its operating and capital budgets each year. The approved operating budget for 2012 is included in the budget figures presented in the Statement of Operations.

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

For the year ended December 31	(Note 7) Budget	2012	2011
	\$	\$	\$
Net Transfer From / (To) Other Funds			
Transfers from operations	108,500	156,993	114,493
Transfers to capital acquisitions	(106,298)	(108,726)	(114,056)
Total Net Transfers Approved By Board	2,202	48,267	437
Reserves, Change In Year	2,202	48,267	437
Reserves, Beginning of Year	434,777	434,777	434,340
Reserves, End of Year	436,979	483,044	434,777

Composition of Reserves

For the year ended December 31	2012	2011
	\$	\$
Reserves ► Administration		
Contingency	6,511	4,511
Reserves ► BBDE Fire Station		
Working funds	50,000	50,000
Contingency	120,257	115,256
Equipment	100,437	65,691
Apparatus	121,568	123,620
Bunker gear	24,000	18,000
	416,262	372,567
Reserves ► South Sherbrooke		
Contingency	45,271	47,699
Bunker gear	15,000	10,000
	60,271	57,699
Total Reserves	483,044	434,777

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, 2012

Assets	Cost 01/01/12	Additions (Disposals)	Cost 31/12/12	Accumulated Amortization 01/01/12	Amortization 2012	Accumulated Amortization 31/12/12	Net Book Value 31/12/12
	\$	\$	\$	\$	\$	\$	\$
Land	30,000	---	30,000	---	---	---	30,000
Building	388,989	---	388,989	103,500	9,725	113,225	275,764
Vehicles	898,689	120,498	1,019,187	450,395	50,959	501,354	517,833
Equipment	57,653	---	57,653	4,782	1,922	6,704	50,949
	1,375,331	120,498	1,495,829	558,677	62,606	621,283	874,546

December 31, 2011

Assets	Cost 01/01/11	Additions (Disposals)	Cost 31/12/11	Accumulated Amortization 01/01/11	Amortization 2011	Accumulated Amortization 31/12/11	Net Book Value 31/12/11
	\$	\$	\$	\$	\$	\$	\$
Land	30,000	---	30,000	---	---	---	30,000
Building	388,989	---	388,989	93,775	9,725	103,500	285,489
Vehicles	784,833	114,056	898,689	414,519	35,876	450,395	448,294
Equipment	57,653	---	57,653	2,860	1,922	4,782	52,871
	1,261,275	114,056	1,375,331	511,154	47,523	558,677	816,654

South Sherbrooke Fire Station

December 31, 2012

Assets	Cost 01/01/12	Additions (Disposals)	Cost 31/12/12	Accumulated Amortization 01/01/12	Amortization 2012	Accumulated Amortization 31/12/12	Net Book Value 31/12/12
	\$	\$	\$	\$	\$	\$	\$
Equipment	3,886	---	3,886	260	130	390	3,496
Vehicles	11,368	---	11,368	1,702	568	2,270	9,098
	15,254	---	15,254	1,962	698	2,660	12,594

December 31, 2011

Assets	Cost 01/01/11	Additions (Disposals)	Cost 31/12/11	Accumulated Amortization 01/01/11	Amortization 2011	Accumulated Amortization 31/12/11	Net Book Value 31/12/11
	\$	\$	\$	\$	\$	\$	\$
Equipment	3,886	---	3,886	130	130	260	3,626
Vehicles	11,368	---	11,368	1,135	567	1,702	9,666
	15,254	---	15,254	1,265	697	1,962	13,292

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	2012	2011
	\$	\$	\$
Revenues			
Municipal contributions			
▸ Township of Drummond/North Elmsley	104,754	104,754	100,097
▸ Township of Drummond/North Elmsley			
▸ computer upgrade	---	---	5,000
▸ Tay Valley Township	95,541	95,541	88,765
Other			
▸ investment income	---	3,413	5,547
Total Revenues	200,295	203,708	199,409
Expenditures			
Fire chief salary and benefits	92,025	91,706	88,165
Secretary treasurer	45,870	45,898	49,809
Employer health tax	2,500	3,668	---
Bank charges, interest and penalties	200	1,373	---
Telephone	7,350	6,063	6,249
Training and seminars	3,000	3,308	2,457
Office supplies	3,500	4,236	4,415
Inspection and prevention	2,000	2,237	1,840
Professional fees	5,000	5,414	2,871
Fire service agreements	14,000	9,900	12,075
Insurance	11,350	19,876	11,301
Advertising, subscription and memberships	2,500	2,154	1,658
Fuel	3,000	2,928	4,074
Administration, other	6,000	5,089	13,756
Total Expenditures	198,295	203,750	198,670
Annual (Deficit) Surplus	2,000	(42)	739
Accumulated Surplus, Beginning of Year	3,250	3,250	2,511
Accumulated Surplus, End of Year	5,250	3,208	3,250

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	2012	2011
	\$	\$	\$
Revenues			
Municipal contributions			
► Township of Drummond/North Elmsley	228,627	228,627	220,903
► Tay Valley Township	201,123	201,123	187,795
► capital items	---	14,200	---
Other			
► provincial highway rescue fees	---	16,810	10,860
► fire fees, inspections, donations	---	9,134	39,425
Total Revenues	429,750	469,894	458,783
Expenditures			
Amortization			
Building	---	9,725	9,725
Vehicles	---	50,959	35,876
Equipment	---	1,922	1,922
Operations			
Firefighter honourariums	166,300	166,338	183,080
Communications maintenance	4,000	3,755	5,898
Training and seminars	18,500	13,663	23,500
Clothing	4,000	3,700	1,717
Bunker gear cleaning	2,500	2,555	2,014
Bunker gear	4,000	3,132	3,969
Loan repayment	27,300	1,581	2,466
Other	2,100	2,100	2,013
Fire Prevention			
Firefighter honourariums	1,500	---	1,500
Advertising, subscriptions and memberships	---	---	256
BBDE Fire Hall			
Power and water	8,200	7,333	9,193
Heating fuel	4,800	3,772	3,103
Building maintenance and other	10,600	11,891	11,720
Insurance	4,550	2,074	4,523
Vehicle and Equipment			
Minor equipment purchases	15,000	13,837	13,570
Vehicle and equipment maintenance	17,000	20,218	17,124
Fuel, oil, lubricants, etc.	7,500	8,785	9,055
Insurance	10,600	7,492	9,200
Minor capital	20,000	18,434	19,235
Total Expenditures	328,250	343,266	370,659
Annual Surplus	101,500	126,628	88,124
Accumulated Surplus, Beginning of Year	1,149,483	1,149,483	1,061,359
Accumulated Surplus, End of Year	1,250,983	1,276,111	1,149,483

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	2012	2011
	\$	\$	\$
Revenues			
Net taxation municipal contributions ► Tay Valley Township	179,500	179,500	170,800
Total Revenues	179,500	179,500	170,800
Expenditures			
Amortization	---	698	697
Operations			
Firefighter honourariums	67,000	74,424	64,783
Communications maintenance	4,500	4,209	3,528
Telephone	2,200	1,928	---
Training and seminars	10,000	9,854	9,742
Clothing	3,000	3,327	2,833
Bunker gear cleaning	2,000	1,173	1,391
Other	2,500	2,730	2,529
Fire Prevention			
Advertising, subscriptions and memberships	500	73	---
Emergency First Response			
Firefighter honourariums	1,000	---	1,000
Medical supplies	2,000	2,000	572
Training and seminars	---	---	227
South Sherbrooke Fire Hall			
Power and water	4,500	4,518	4,031
Heating fuel	5,500	3,559	5,974
Building maintenance and other	6,500	6,709	7,045
Insurance	6,200	2,557	6,174
Vehicle and Equipment			
Minor equipment purchases	15,700	14,877	12,392
Vehicle and equipment maintenance	13,500	14,157	20,463
Fuel, oil, lubricants, etc.	3,000	6,218	2,340
Insurance	8,400	8,115	8,353
Minor capital	16,500	16,500	16,316
Total Expenditures	174,500	177,626	170,390
Annual Surplus	5,000	1,874	410
Accumulated Surplus, Beginning of Year	65,989	65,989	65,579
Accumulated Surplus, End of Year	70,989	67,863	65,989

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