

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010

INDEPENDENT AUDITORS' REPORT

To the Members of Council of:
THE CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

We have audited the consolidated statement of financial position of **THE CORPORATION OF THE MUNICIPALITY OF TRENT HILLS** as at December 31, 2010 and the consolidated statements of operations and accumulated surplus, change in net financial liabilities 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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.

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 about whether the financial statements are free from 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 the 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 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 financial position of the Corporation as at December 31, 2010 and the results of its operations, change in net financial liabilities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Trent Hills, Ontario
 October 18, 2011


 CHARTERED ACCOUNTANTS
 LICENSED PUBLIC ACCOUNTANTS

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
FINANCIAL ASSETS		
Cash	\$ 4,404,586	\$ 5,124,826
Taxes receivable	2,276,549	2,349,626
Trade and other receivables	3,919,526	1,932,690
Inventory for resale	205,430	12,364
Long-term receivables - note 3	42,713	64,380
Investments - note 4	4,000	4,000
	<u>10,852,804</u>	<u>9,487,886</u>
LIABILITIES		
Temporary borrowing - note 6	7,000,000	7,000,000
Other bank debt - note 7	4,600,000	-
Accounts payable and accrued liabilities	2,549,529	2,111,442
Deferred revenue - note 8	1,303,929	1,961,253
Municipal debt - note 9	6,821,347	7,131,797
	<u>22,274,805</u>	<u>18,204,492</u>
NET FINANCIAL LIABILITIES	<u>(11,422,001)</u>	<u>(8,716,606)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets - schedule	93,227,639	88,950,372
Inventories	519,371	343,149
Prepaid interest	113,331	-
	<u>93,860,341</u>	<u>89,293,521</u>
NET ASSETS	<u>\$ 82,438,340</u>	<u>\$ 80,576,915</u>
ACCUMULATED SURPLUS - notes 10 and 16	<u>\$ 82,438,340</u>	<u>\$ 80,576,915</u>

CONTINGENT LIABILITIES - note 12

The image shows two handwritten signatures in black ink. The top signature is 'A. Hill' and the bottom signature is 'Lorraine Kelliker-McArdle'. The signatures are written in a cursive style.

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

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2010

	2010 <u>Budget</u> (unaudited)	2010 <u>Actual</u>	2009 <u>Actual</u>
REVENUES			
Net taxation	\$ 9,145,787	\$ 9,155,158	\$ 8,898,064
User fees and sale of goods and services	3,864,999	3,838,093	3,933,240
Government transfers			
Canada	-	61,894	13,282
Ontario	3,002,199	3,049,647	3,161,299
Investment income	61,000	34,534	30,630
Penalties and interest on taxes	325,000	356,088	411,060
Other	122,650	103,509	128,413
	<u>16,521,635</u>	<u>16,598,923</u>	<u>16,575,988</u>
EXPENDITURES			
General government	1,797,431	1,768,811	2,099,242
Protection services	4,115,288	3,974,754	3,757,366
Transportation services	5,963,007	5,380,349	5,639,713
Environmental services	4,078,808	4,014,351	3,417,455
Health services	58,289	36,853	37,181
Social and family services	10,282	45,203	18,222
Recreation and cultural services	2,045,324	2,183,390	2,150,819
Planning and development	1,082,155	1,400,499	675,137
	<u>19,150,584</u>	<u>18,804,210</u>	<u>17,795,135</u>
NET EXPENDITURES	<u>(2,628,949)</u>	<u>(2,205,287)</u>	<u>(1,219,147)</u>
OTHER INCOME AND EXPENSES RELATED TO CAPITAL			
User fees	12,000	65,206	15,458
Government transfers			
Canada	1,421,927	1,696,513	538,332
Ontario	1,499,752	1,995,149	731,065
Other	685,000	750,253	399,968
Gain (loss) on disposal of tangible capital assets		(453,118)	-
	<u>3,618,679</u>	<u>4,054,003</u>	<u>1,684,823</u>
INTEREST EARNED ON RESERVE FUNDS	<u>-</u>	<u>12,709</u>	<u>14,649</u>
ANNUAL SURPLUS	989,730	1,861,425	480,325
ACCUMULATED SURPLUS, beginning of year - note 16	<u>80,576,915</u>	<u>80,576,915</u>	<u>80,096,590</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 81,566,645</u>	<u>\$ 82,438,340</u>	<u>\$ 80,576,915</u>

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

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES
YEAR ENDED DECEMBER 31, 2009

	2010 <u>Budget</u> (unaudited)	2010 <u>Actual</u>	2009 <u>Actual</u>
ANNUAL SURPLUS	\$ 989,730	\$ 1,861,425	\$ 480,325
Amortization of tangible capital assets	4,289,930	4,289,930	3,603,152
Acquisition of tangible capital assets	(6,860,530)	(9,062,190)	(4,022,195)
Loss on disposal of tangible capital assets	-	453,118	-
Proceeds on disposal of tangible capital assets	-	41,875	-
Acquisition of supplies inventories	-	(176,222)	(343,149)
Interest prepayment	-	(113,331)	-
Change in Net Financial Liabilities	<u>(1,580,870)</u>	<u>(2,705,395)</u>	<u>(281,867)</u>
NET FINANCIAL LIABILITIES, beginning of year	<u>(8,716,606)</u>	<u>(8,716,606)</u>	<u>(8,434,739)</u>
NET FINANCIAL LIABILITIES, end of year	<u>\$ (10,297,476)</u>	<u>\$ (11,422,001)</u>	<u>\$ (8,716,606)</u>

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
OPERATING		
Annual surplus	\$ 1,861,425	\$ 480,325
Non-cash charges to operations		
Amortization	4,289,930	3,603,152
Loss on disposal of tangible capital assets	453,118	-
	<u>6,604,473</u>	<u>4,083,477</u>
Changes in:		
Taxes receivable	73,077	76,372
Trade and other receivables	(1,965,169)	(209,430)
Inventory	(369,288)	(346,555)
Prepaid interest	(113,331)	-
Accounts payable and accrued liabilities	438,087	(797,044)
Deferred revenue	(657,324)	(170,504)
Cash provided by operating activities	<u>4,010,525</u>	<u>2,636,316</u>
CAPITAL		
Proceeds on disposal of tangible capital assets	41,875	-
Acquisition of tangible capital assets	(9,062,190)	(4,022,195)
Cash utilized by capital activities	<u>(9,020,315)</u>	<u>(4,022,195)</u>
FINANCING		
Proceeds from temporary borrowing	-	7,000,000
Proceeds from other bank debt	4,600,000	-
Proceeds from long-term debt	-	40,000
Repayment of long-term debt	(310,450)	(281,364)
Investments redeemed	-	-
Cash provided by financing activities	<u>4,289,550</u>	<u>6,758,636</u>
INCREASE (DEREASE) IN CASH	<u>(720,240)</u>	<u>5,372,757</u>
CASH AND CASH EQUIVALENTS - beginning of year	<u>5,124,826</u>	<u>(247,931)</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 4,404,586</u>	<u>\$ 5,124,826</u>
Represented by:		
Cash	<u>4,404,586</u>	<u>5,124,826</u>

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

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

The Corporation of the Municipality of Trent Hills is a municipality in the Province of Ontario, Canada and operates under the provisions of the Ontario Municipal Act.

I. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Municipality of Trent Hills are the representations of management prepared in accordance with accounting policies prescribed for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, and changes in the accumulated surplus and in financial position of the reporting entity. The reporting entity is comprised of all organizations, committees, and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality. The following boards are consolidated:

Trent Hills Public Library Board
Campbellford Business Improvement Area

Interdepartmental and organizational transactions and balances are eliminated.

Accounting for County and School Board Transactions

Taxation and other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Northumberland are not reflected in these consolidated financial statements.

Trust Funds

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

Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Deferred Revenue

The Municipality receives contributions under the authority of provincial legislation and funding agencies. These funds, by their nature, are restricted in their use, and, until applied to applicable projects, are recorded as deferred revenue. Amounts applied to projects are recorded as revenue in the fiscal period in which they are expended.

Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital expenditures. Transfers to, or from, reserves and reserve funds are recorded as an adjustment to the respective fund when approved.

Government Transfers

Government transfers are recognized as revenues or expenditures in the year that the events giving rise to the transfer occurred, provided the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.

Taxation and Related Revenues

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Municipal Council incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the county and the school boards. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued. A normal part of the assessment process is the issuance of supplementary assessment rolls that provide updated information with respect to changes in property assessment.

Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the county and school boards as appropriate.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-Financial Assets

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

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Where historic cost is not available, the Municipality has developed estimation techniques to determine cost. When reliable estimation techniques are not available, a nominal value of one dollar has been recorded as cost. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful life as follows:

a) Asset Categories and Estimated Useful Life

Land	- not amortized
Land improvements	- 20 years
Buildings	- 20-40 years
Vehicles	- 7 years
Equipment	- 7 years
Pooled equipment	- 7 years
Roads, bridges and sidewalks	- 40 - 50 years
Water and Wastewater networks	- 40 years

No annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time the costs are transferred to the appropriate asset category.

b) Contributions of Tangible Capital Assets

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

c) Works of Art

Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property can not be made.

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.

Inventories of Supplies

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

Use of Estimates

The preparation of financial statements in conformity with 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 those estimates.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

2. FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash, taxes receivable, trade and other receivables, long-term receivables, investments, bank indebtedness, temporary borrowing, accounts payable and accrued liabilities, and municipal debt. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from its financial instruments.

3. LONG-TERM RECEIVABLES

Long-term receivables consist of the following:

	<u>2010</u>	<u>2009</u>
Local improvements - recovered from landowners	\$ -	\$ 16,060
Tile drainage debentures - to be recovered from landowners over the following nine years	42,713	48,320
	<u>\$ 42,713</u>	<u>\$ 64,380</u>

4. INVESTMENTS

Investments consist of the following:

	<u>2010</u>	<u>2009</u>
Guaranteed investment certificate - interest at a rate of 4.75% maturing June, 2011	\$ 1,000	\$ 1,000
Bank savings account	3,000	-
	<u>\$ 4,000</u>	<u>\$ 1,000</u>

5. BANK INDEBTEDNESS

The Municipality has an operating line of credit of \$4 million at an interest rate of prime less .50%. No amount was outstanding at year end.

6. TEMPORARY BORROWING

The Municipality has arranged \$7,000,000 in bridge financing for a number of capital projects with interest at 2.19%.

7. OTHER BANK DEBT

The Municipality has borrowed \$4,600,000 using bankers' acceptances to fund capital expenditures for wastewater plants. The acceptances carry an effective interest rate of 2.73% and will be renegotiated in December, 2011.

8. DEFERRED REVENUE

The balance of deferred revenue consists of the following:

	Balance December 31, 2009	Additions	Transferred to income	Balance December 31, 2010
Parkland	\$ 106,431	\$ 18,828	\$ 24,368	\$ 100,891
Development charges	60,054	150,534	-	\$ 210,588
Federal gas tax	127,697	376,987	452,557	\$ 52,127
Building services	9,850	-	-	\$ 9,850
Roads and bridges	1,507,447	-	744,197	\$ 763,250
Transit	149,774	59,067	41,618	167,223
	<u>\$ 1,961,253</u>	<u>\$ 605,416</u>	<u>\$ 1,262,740</u>	<u>\$ 1,303,929</u>

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

9. MUNICIPAL DEBT

The balance of municipal debt consists of the following:

	<u>2010</u>	<u>2009</u>
Province of Ontario - financing tile drainage debentures issued to landowners, principal and interest to be recovered from landowners, maturing at various dates to 2019	\$ 42,713	\$ 48,320
Trenval Business Development Corporation - repayable by monthly payments of \$160, no interest, maturing in 2015	6,930	8,859
Royal Bank of Canada - repayable by monthly payments of \$11,860, interest at a rate of 5.2%, maturing in 2026	1,469,340	1,531,568
Ontario Infrastructure Projects Corporation - repayable by semi-annual payments of \$54,247, interest at a rate of 2.51%, maturing in 2026	1,422,416	1,493,859
Ontario Infrastructure Projects Corporation - repayable by semi-annual payments of \$16,119, interest at a rate of 4.83%, maturing in 2027	363,781	377,935
Ontario Infrastructure Projects Corporation - repayable by semi-annual payments of \$27,387, interest at a rate of 4.63%, maturing in 2017	304,443	343,752
Ontario Infrastructure Projects Corporation - repayable by semi-annual payments of \$23,561, interest at a rate of 4.83%, maturing in 2027	531,714	552,401
Ontario Infrastructure Projects Corporation - repayable by semi-annual payments of \$77,963, interest at a rate of 2.72%, maturing in 2033	2,653,018	2,735,103
Royal Bank of Canada - repayable in monthly payments of \$1,155, interest at a rate of 2.5%, maturing in 2012	26,992	40,000
	<u>\$ 6,821,347</u>	<u>\$ 7,131,797</u>

Principal payments are estimated to be as follows:

2011	321,083
2012	332,831
2013	329,600
2014	345,354
2015	355,498
Thereafter	5,136,981
	<u>\$ 6,821,347</u>

10. ACCUMULATED SURPLUS

The accumulated surplus position is comprised of the following:

	<u>2010</u>	<u>2009</u>
Equity in tangible capital assets	\$ 93,227,639	\$ 88,950,372
Less: related debt	(11,378,634)	(7,083,477)
Less: unfinanced capital projects	(8,794,949)	(13,013,130)
	<u>73,054,056</u>	<u>68,853,765</u>
Reserves and Reserve Funds	9,029,592	11,591,607
Unrestricted Surplus	354,692	131,543
	<u>\$ 82,438,340</u>	<u>\$ 80,576,915</u>

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

11. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement System Pension Fund (OMERS), which is a multi-employer plan, for those employees who are members. The plan is a contributory 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 Municipality also makes contributions to registered retirement savings plans for qualifying staff.

The amounts contributed to registered retirement savings plans and OMERS for 2010 was \$216,574 (2009 - \$202,816) for current service and are included as an expenditure on the Consolidated Statement of Operations and Accumulated Surplus. There is no past service liability. The actuarial valuation of the OMERS plan at December 31, 2010 indicated a deficit in the plan.

12. CONTINGENT LIABILITIES

As at December 31, 2010, certain legal actions are pending against the Municipality. An estimate of the contingency cannot be made since the outcome of these matters cannot be determined at this time. The Municipality carries liability insurance. Any settlement in excess of insurance coverage will be accounted for as a current transaction in the year of settlement.

13. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$192,039 (2009 - \$188,387) have not been included in the Consolidated Statement of Financial Position, nor have their operations been included on the Consolidated Statement of Operations and Accumulated Surplus. Such balances are held in trust by the Municipality for the benefit of others and are therefore not presented as part of the Municipal financial position or operations.

14. COMMITMENTS

The Municipality has a contract committing it to payments in future years. The following agreement existed at December 31, 2010:

An agreement with the Province of Ontario for policing services to December, 2011. Costs will be charged on the basis of services used. Base charges for the 2010 year were \$2,519,928.

15. BUDGET FIGURES

Budgets established by the Municipality are based on a project oriented basis, the costs of which may be carried out over one or more years. Although they are not directly comparable with current year actual amounts, budget figures have been reflected on the "Statement of Operations and Accumulated Surplus". Budget figures have been reclassified for the purpose of these financial statements to comply with PSAB reporting requirements.

16. PRIOR YEAR ADJUSTMENT

The Municipality has restated its 2009 comparative figures to report construction in progress costs for water and sewer costs which were previously not included in tangible capital assets.

As previously reported	\$ 88,491,968	\$ 21,921	\$80,118,511
Adjustments			
Cost	458,404	458,404	548,404
As adjusted	<u>\$ 88,950,372</u>	<u>\$ 480,325</u>	<u>\$80,576,915</u>

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
DECEMBER 31, 2010

								TOTALS	
	Land and Land Improvements	Building and Leasehold Improvements	Vehicles and Equipment	Linear- Storm	Linear - Sanitary	Water Distribution	Roads, Bridges and Sidewalks	Assets under Construction	2010
Cost									
Opening costs	\$ 3,037,587	\$ 34,049,400	\$ 6,595,222	\$ 6,416,122	\$ 8,622,034	\$ 13,385,973	\$ 68,983,018	\$ 976,086	\$ 142,065,442
Additions during the year	108,746	1,017,787	1,392,439	947,349	789,453	2,321,341	3,264,662	40,159	9,881,936
Disposals and writedowns	-	(647,940)	(31,958)	(47,558)	(39,939)	(68,671)	(931,047)	(819,746)	(2,586,859)
Closing cost	<u>3,146,333</u>	<u>34,419,247</u>	<u>7,955,703</u>	<u>7,315,913</u>	<u>9,371,548</u>	<u>15,638,643</u>	<u>71,316,633</u>	<u>196,499</u>	<u>149,360,519</u>
Accumulated Amortization									
Opening Accumulated amortization	(217,063)	(11,676,147)	(2,781,051)	(1,212,444)	(2,302,230)	(2,498,797)	(32,427,338)	-	(53,115,070)
Amortization	(53,341)	(1,033,407)	(986,865)	(87,050)	(118,121)	(171,205)	(1,839,941)	-	(4,289,930)
Disposals and writedowns	-	628,080	31,958	14,027	27,910	62,444	507,701	-	1,272,120
Closing accumulated amortization	<u>(270,404)</u>	<u>(12,081,474)</u>	<u>(3,735,958)</u>	<u>(1,285,467)</u>	<u>(2,392,441)</u>	<u>(2,607,558)</u>	<u>(33,759,578)</u>	<u>-</u>	<u>(56,132,880)</u>
Net Book Value of Tangible Capital Assets	<u>\$ 2,875,929</u>	<u>\$ 22,337,773</u>	<u>\$ 4,219,745</u>	<u>\$ 6,030,446</u>	<u>\$ 6,979,107</u>	<u>\$ 13,031,085</u>	<u>\$ 37,557,055</u>	<u>\$ 196,499</u>	<u>\$ 93,227,639</u>

DECEMBER 31, 2009

								TOTALS	
	Land and Land Improvements	Buildings	Vehicles and Equipment	Linear- Storm	Linear - Sanitary	Water Distribution	Roads, Bridges and Sidewalks	Assets under Construction	2009
Cost									
Opening costs	\$ 1,635,257	\$ 23,764,485	\$ 5,939,405	\$ 6,416,122	\$ 8,574,091	13,385,973	68,983,018	\$ 9,384,123	\$ 138,082,474
Additions during the year	1,402,330	10,284,915	695,044	-	47,943	-	-	905,826	13,336,058
Disposals and writedowns	-	-	(39,227)	-	-	-	-	(9,313,863)	(9,353,090)
Closing cost	<u>3,037,587</u>	<u>34,049,400</u>	<u>6,595,222</u>	<u>6,416,122</u>	<u>8,622,034</u>	<u>13,385,973</u>	<u>68,983,018</u>	<u>976,086</u>	<u>142,065,442</u>
Accumulated Amortization									
Opening Accumulated amortization	(152,978)	(11,071,691)	(2,005,119)	(1,126,342)	(2,187,401)	(2,327,324)	(30,680,290)	-	(49,551,145)
Amortization	(64,085)	(604,456)	(815,159)	(86,102)	(114,829)	(171,473)	(1,747,048)	-	(3,603,152)
Disposals and writedowns	-	-	39,227	-	-	-	-	-	39,227
Closing accumulated amortization	<u>(217,063)</u>	<u>(11,676,147)</u>	<u>(2,781,051)</u>	<u>(1,212,444)</u>	<u>(2,302,230)</u>	<u>(2,498,797)</u>	<u>(32,427,338)</u>	<u>-</u>	<u>(53,115,070)</u>
Net Book Value of Tangible Capital Assets	<u>\$ 2,820,524</u>	<u>\$ 22,373,253</u>	<u>\$ 3,814,171</u>	<u>\$ 5,203,678</u>	<u>\$ 6,319,804</u>	<u>\$ 10,887,176</u>	<u>\$ 36,555,680</u>	<u>\$ 976,086</u>	<u>\$ 88,950,372</u>

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

**CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	2010 <u>Budget</u> (unaudited)	2010 <u>Actual</u>	2009 <u>Actual</u>
REVENUES			
Investment income	\$ -	\$ 12,709	\$ 14,649
Net revenues	<u>-</u>	<u>12,709</u>	<u>14,649</u>
TRANSFERS			
Transfers from (to) operations		716,748	1,181,334
Transfers from (to) capital		<u>(3,291,472)</u>	<u>(312,653)</u>
Net transfers	<u>0</u>	<u>(2,574,724)</u>	<u>868,681</u>
Change in reserves and reserve funds	-	(2,562,015)	883,330
RESERVES AND RESERVE FUNDS, beginning of year	<u>11,591,607</u>	<u>11,591,607</u>	<u>10,708,277</u>
RESERVES AND RESERVE FUNDS, end of year	<u>\$ 11,591,607</u>	<u>\$ 9,029,592</u>	<u>\$ 11,591,607</u>
Reserves set aside by Council			
Working capital and contingencies		\$ 1,752,579	\$ 2,266,039
General government		59,140	214,408
Protection to persons and property		73,899	460,292
Transportation services		1,539,838	2,342,658
Environment services		3,798,015	4,207,765
Health services		21,013	5,663
Recreation and culture		255,154	136,405
Planning and development		<u>139,945</u>	<u>152,705</u>
Total reserves		<u>7,639,583</u>	<u>9,785,935</u>
Reserve funds set aside by Council			
Working capital and contingencies		1,169,602	1,615,432
Environment services		57,575	57,136
Recreation and culture		140,421	123,085
Planning and development		<u>22,411</u>	<u>10,019</u>
Total reserve funds		<u>1,390,009</u>	<u>1,805,672</u>
Total reserves and reserve funds		<u>\$ 9,029,592</u>	<u>\$ 11,591,607</u>

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

TRENT HILLS PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

year ended

December 31, 2010

INDEPENDENT AUDITORS' REPORT

To The Board of Directors of Trent Hills
Public Library Board

We have audited the accompanying financial statements of Trent Hills Public Library Board, which comprise the statement of financial position as at December 31, 2010, and the statements 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

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 about whether the financial statements are free from 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 the 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, the financial statements present fairly, in all material respects, the financial position of Trent Hills Public Library Board as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Trent Hills, Ontario
June 22, 2011


**CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

TRENT HILLS PUBLIC LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION
as at December 31, 2010

	<u>2010</u>	<u>2009</u>
	\$	\$
FINANCIAL ASSETS		
Bank	4,298	4,328
Accounts receivable	—	5,724
Due from Municipality	—	54,293
Investments	<u>4,000</u>	<u>4,000</u>
	<u>8,298</u>	<u>68,345</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	8,391	2,327
Due to Municipality	<u>2,607</u>	—
	<u>10,998</u>	<u>2,327</u>
NET FINANCIAL ASSETS (LIABILITIES)	(2,700)	<u>66,018</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>179,196</u>	<u>178,223</u>
	<u>176,496</u>	<u>244,241</u>
ACCUMULATED SURPLUS	<u>176,496</u>	<u>244,241</u>

APPROVED BY:


Member of the Board


Member of the Board

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

Welch LLP

Chartered Accountants & Members of ICAEW International

TRENT HILLS PUBLIC LIBRARY BOARD

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
for year ended December 31, 2010

	<u>Budget</u>	<u>2010</u>	<u>2009</u>
	(Unaudited)		
	\$	\$	\$
REVENUES			
Municipal grants	331,200	331,200	325,675
Provincial grants	33,999	33,913	33,980
Federal grants	—	1,796	1,663
Facilities rental	6,000	2,773	5,805
Sale of books	1,000	1,026	1,175
Photocopies and other	5,500	2,356	4,266
Fines	800	1,521	940
Non-resident fees	300	580	580
Donations	50	16,995	40
Interest	—	49	31
	<u>378,849</u>	<u>392,209</u>	<u>374,155</u>
EXPENSES			
Advertising	250	119	131
Audio visual	200	174	180
Audit	3,400	4,500	3,350
Bank charges and interest	—	—	—
Book processing	12,000	11,926	8,250
Capital expenditures expensed	—	534	20,409
Conferences, training and travel	3,300	3,156	1,836
Dues, subscriptions and licences	600	665	635
Equipment repairs and maintenance	3,000	3,137	4,018
Facilities maintenance and security	36,354	34,046	34,571
Health and safety	400	—	132
Insurance	10,166	11,344	9,869
Library supplies	3,000	2,879	2,561
Magazines	1,300	1,227	1,202
Miscellaneous	500	6,149	497
Operating costs funded by Family Literacy Grant	—	8,293	17,017
Pay equity study	—	—	2,498
Programming	1,000	1,026	995
Salaries and benefits	219,979	283,447	208,982
Telephone	7,000	5,978	6,182
Utilities	32,400	34,843	33,003
Amortization	—	46,559	42,961
TOTAL EXPENSES	<u>334,849</u>	<u>460,002</u>	<u>399,279</u>
NET REVENUES (EXPENSES)	44,000	(67,793)	(25,124)
INTEREST EARNED ON RESERVE FUNDS	—	48	183
ANNUAL SURPLUS (DEFICIT)	<u>44,000</u>	(67,745)	(24,941)
ACCUMULATED SURPLUS - beginning of year		<u>244,241</u>	<u>269,182</u>
ACCUMULATED SURPLUS - end of year		<u>176,496</u>	<u>244,241</u>

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

Welch LLP

TRENT HILLS PUBLIC LIBRARY BOARD

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
for year ended December 31, 2010

	<u>Budget</u> (Unaudited) \$	<u>2010</u> \$	<u>2009</u> \$
ANNUAL SURPLUS (DEFICIT)	44,000	(67,745)	(24,941)
Amortization of tangible capital assets	—	46,559	42,961
Acquisition of tangible capital assets	(44,000)	(47,532)	(52,171)
DECREASE IN NET FINANCIAL ASSETS	<u>—</u>	(68,718)	(34,151)
NET FINANCIAL ASSETS - beginning of year		<u>66,018</u>	<u>100,169</u>
NET FINANCIAL ASSETS (LIABILITIES) - end of year		<u>(2,700)</u>	<u>66,018</u>

The accompanying notes are an integral part of these financial statements

Welch 

TRENT HILLS PUBLIC LIBRARY BOARD

STATEMENT OF CASH FLOWS
for year ended December 31, 2010

	<u>2010</u>	<u>2009</u>
	\$	\$
OPERATIONS		
Annual surplus (deficit)	(67,745)	(24,941)
Non-cash charges to operations:		
Amortization	46,559	42,961
Write off of GST recoverable	<u>5,724</u>	<u>—</u>
	(15,462)	18,020
Changes in:		
Amounts due from Municipality	56,900	40,699
Accounts payable and accrued liabilities	<u>6,064</u>	<u>(6,568)</u>
CASH PROVIDED BY OPERATING ACTIVITIES	<u>47,502</u>	<u>52,151</u>
CAPITAL		
Acquisition of tangible capital assets	<u>(47,532)</u>	<u>(52,171)</u>
CASH APPLIED TO CAPITAL ACTIVITIES	<u>(47,532)</u>	<u>(52,171)</u>
NET DECREASE IN CASH	(30)	(20)
CASH - beginning of year	<u>4,328</u>	<u>4,348</u>
CASH - end of year	<u>4,298</u>	<u>4,328</u>

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

TRENT HILLS PUBLIC LIBRARY BOARD

NOTES TO FINANCIAL STATEMENTS
for year ended December 31, 2010

1. SUMMARY OF ACCOUNTING POLICIES

The financial statements of Trent Hills Public Library Board are the representation of management prepared in accordance with accounting policies prescribed for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events give rise to the revenues. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay or when transfers are due.

Non- financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the 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, or at an estimated cost using valuation techniques, if historic costs are not available. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Municipality has established policies relating to Tangible Capital Asset reporting, including asset capitalization requirements and classification, useful lives and amortization methods.

(a) Asset Categories and Estimated Useful Lives:

Books	7 years
Computer hardware and software	3 years
Furniture and fixtures	7 years

Tangible capital assets are amortized on a straight-line basis over the estimated useful lives.

(b) Contribution of Tangible Capital Assets

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

(c) Works of Art

Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property can not be made.

(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.

TRENT HILLS PUBLIC LIBRARY BOARD

NOTES TO FINANCIAL STATEMENTS
for year ended December 31, 2010

1. **SUMMARY OF ACCOUNTING POLICIES** (continued)

Government Transfers

Government transfers are recognized as revenues in the year that the events giving rise to the transfer occurred as long as the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.

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.

2. **FINANCIAL INSTRUMENTS**

Financial instruments consist of cash, amounts due to/from the Municipality, investments and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant risks arising from these financial instruments. The fair values of the financial instruments approximate their carrying values due to their short-term nature.

3. **INVESTMENTS**

Investments consist of a guaranteed investment certificate and a savings bank account and are carried at the face value of the investments. The guaranteed investment certificate is for an amount of \$1,000, bears interest at a rate of 4.75% and matures June 28, 2011. The amounts invested are subject to an external restriction by a donor that the original amount of funds be retained and the income be used for the purchase of books.

4. **RELATED PARTY TRANSACTIONS**

Facilities used by the Library Board, for which there were no rental charges, are owned by the Municipality. The Municipality charges a portion of utilities and facilities maintenance costs to the Library Board.

Accounting services were also provided to the Board by the Municipality at no charge.

TRENT HILLS PUBLIC LIBRARY BOARD

SCHEDULE OF TANGIBLE CAPITAL ASSETS
for year ended December 31, 2010

	<u>2010</u>			<u>2009</u>		
	COMPUTER HARDWARE AND BOOKS	SOFTWARE	TOTAL	COMPUTER HARDWARE AND BOOKS	SOFTWARE	TOTAL
	\$	\$	\$	\$	\$	\$
COST						
Balance - beginning of year	278,040	20,517	298,557	252,848	20,517	273,365
Additions in the year	47,532	—	47,532	52,171	—	52,171
Disposals and write-downs	<u>(31,958)</u>	<u>—</u>	<u>(31,958)</u>	<u>(26,979)</u>	<u>—</u>	<u>(26,979)</u>
Balance - end of year	<u>293,614</u>	<u>20,517</u>	<u>314,131</u>	<u>278,040</u>	<u>20,517</u>	<u>298,557</u>
ACCUMULATED AMORTIZATION						
Balance - beginning of year	109,126	11,208	120,334	99,983	4,369	104,352
Additions in the year	36,720	6,839	46,559	36,122	6,839	42,961
Disposals and write-downs	<u>(31,958)</u>	<u>—</u>	<u>(31,958)</u>	<u>(26,979)</u>	<u>—</u>	<u>(26,979)</u>
Balance - end of year	<u>116,888</u>	<u>18,047</u>	<u>134,935</u>	<u>109,126</u>	<u>11,208</u>	<u>120,334</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS						
	<u>176,726</u>	<u>2,470</u>	<u>179,196</u>	<u>168,914</u>	<u>9,309</u>	<u>178,223</u>

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

TRENT HILLS PUBLIC LIBRARY BOARD
SCHEDULE OF ACCUMULATED SURPLUS
for year ended December 31, 2010

	<u>2010</u>	<u>2009</u>
	\$	\$
RESERVE AND RESERVE FUNDS		
General operations	—	33,138
Reserve for bequests	16,882	—
Automation	—	9,029
Literacy	5,464	19,851
Donated funds to be held in perpetuity	<u>4,000</u>	<u>4,000</u>
	<u>26,346</u>	<u>66,018</u>
SURPLUS (DEFICIT)		
General operations	(29,046)	—
Invested in capital assets	<u>179,196</u>	<u>178,223</u>
	<u>150,150</u>	<u>178,223</u>
	<u>176,496</u>	<u>244,241</u>

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

TRENT HILLS PUBLIC LIBRARY BOARD

SCHEDULE OF CONTINUITY OF RESERVES AND RESERVE FUND

for year ended December 31, 2010

	Balance Beginning of Year \$	Interest Earned \$	Transfer From Operations \$	Transfers To Operations \$	To Capital Acquisitions \$	Balance End of Year \$
RESERVE FUND						
Donated amounts to be held in perpetuity	<u>4,000</u>	<u>48</u>	<u>—</u>	<u>(48)</u>	<u>—</u>	<u>4,000</u>
RESERVES						
Reserve for bequeaths	—	—	16,882	—	—	16,882
General operations	33,138	—	—	(33,138)	—	—
Automation	9,029	—	—	(9,029)	—	—
Literacy	<u>19,851</u>	<u>—</u>	<u>—</u>	<u>(8,293)</u>	<u>(6,094)</u>	<u>5,464</u>
	<u>62,018</u>	<u>—</u>	<u>16,882</u>	<u>(50,460)</u>	<u>(6,094)</u>	<u>22,346</u>
TOTAL RESERVES AND RESERVE FUND	<u>66,018</u>	<u>48</u>	<u>16,882</u>	<u>(50,508)</u>	<u>(6,094)</u>	<u>26,346</u>

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

Welch 

**CAMPBELLFORD BUSINESS IMPROVEMENT AREA
THE CORPORATION OF THE MUNICIPALITY OF TRENT HILLS**

FINANCIAL STATEMENTS

year ended

December 31, 2010

INDEPENDENT AUDITORS' REPORT

To the Members of
Campbellford Business Improvement Area of
The Corporation of the Municipality of Trent Hills

We have audited the accompanying financial statements of Campbellford Business Improvement Area, which comprise the statement of financial position as at December 31, 2010, and the statements of net financial assets, 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

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 about whether the financial statements are free from 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 the 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, the financial statements present fairly, in all material respects, the financial position of Campbellford Business Improvement Area as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



**CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

Trent Hills, Ontario

February 16, 2011

Welch LLP - Chartered Accountants

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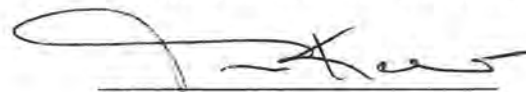
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CAMPBELLFORD BUSINESS IMPROVEMENT AREA
THE CORPORATION OF THE MUNICIPALITY OF TRENT HILLS


STATEMENT OF FINANCIAL POSITION
as at December 31, 2010

	<u>2010</u>	<u>2009</u>
	\$	\$
FINANCIAL ASSETS		
Bank	14,983	11,014
LIABILITIES		
Accounts payable and accrued liabilities	<u>9,369</u>	<u>5,381</u>
NET FINANCIAL ASSETS	<u>5,614</u>	<u>5,633</u>
ACCUMULATED SURPLUS	<u>5,614</u>	<u>5,633</u>
 Contingent liability (note 3)		

APPROVED BY THE BOARD



Director



Director

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

CAMPBELLFORD BUSINESS IMPROVEMENT AREA
THE CORPORATION OF THE MUNICIPALITY OF TRENT HILLS
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
for year ended December 31, 2010

	<u>Budget</u> (Unaudited)	<u>2010</u>	<u>2009</u>
	\$	\$	\$
REVENUES			
Taxation	38,000	34,256	38,000
Interest	—	—	11
Waterfront Festival	5,000	6,720	6,298
Other	<u>—</u>	<u>228</u>	<u>389</u>
	<u>43,000</u>	<u>41,204</u>	<u>44,698</u>
EXPENSES			
Amortization of tangible capital assets	—	—	4,082
Audit and legal	2,100	2,205	2,200
Christmas program	4,000	7,298	1,935
Gifts to new businesses	220	55	224
Insurance	810	1,080	810
Meetings and conference	400	208	—
Miscellaneous	—	69	—
Newsletter	400	458	437
Office and telephone	550	507	678
Other advertising campaigns	5,500	3,062	2,750
Other projects	900	900	900
Polar Bear Festival	300	205	105
Secretarial support	5,720	5,434	5,200
Streetscape	9,200	5,969	5,182
Waterfront Festival	12,500	13,583	13,916
Waterfront development	—	—	10,000
Website	<u>400</u>	<u>190</u>	<u>375</u>
	<u>43,000</u>	<u>41,223</u>	<u>48,794</u>
ANNUAL DEFICIT	—	(19)	(4,096)
ACCUMULATED SURPLUS - beginning of year	<u>5,633</u>	<u>5,633</u>	<u>9,729</u>
ACCUMULATED SURPLUS - end of year	<u>5,633</u>	<u>5,614</u>	<u>5,633</u>

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

CAMPBELLFORD BUSINESS IMPROVEMENT AREA
THE CORPORATION OF THE MUNICIPALITY OF TRENT HILLS
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

for year ended December 31, 2010

	<u>2010</u>	<u>2009</u>
	\$	\$
ANNUAL DEFICIT	(19)	(4,096)
Amortization of tangible capital assets	<u>—</u>	<u>4,082</u>
DECREASE IN NET FINANCIAL ASSETS	(19)	(14)
NET FINANCIAL ASSETS - beginning of year	<u>5,633</u>	<u>5,647</u>
NET FINANCIAL ASSETS - end of year	<u>5,614</u>	<u>5,633</u>

The accompanying notes are an integral part of this financial statement

CAMPBELLFORD BUSINESS IMPROVEMENT AREA
THE CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

STATEMENT OF CASH FLOWS

for year ended December 31, 2010

	<u>2010</u>	<u>2009</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual deficit	(19)	(4,096)
USES		
Increase (Decrease) in accounts payable and accrued liabilities	3,988	(610)
NON-CASH CHARGE TO OPERATIONS		
Amortization of tangible capital assets	<u>—</u>	<u>4,082</u>
INCREASE (DECREASE) IN CASH	3,969	(624)
CASH - beginning of year	<u>11,014</u>	<u>11,638</u>
CASH - end of year	<u>14,983</u>	<u>11,014</u>

The accompanying notes are an integral part of this financial statement

CAMPBELLFORD BUSINESS IMPROVEMENT AREA
THE CORPORATION OF THE MUNICIPALITY OF TRENT HILLS
NOTES TO FINANCIAL STATEMENTS
for year ended December 31, 2010

1. **ACCOUNTING POLICIES**

The financial statements of Campbellford Business Improvement Area of The Corporation of The Municipality of Trent Hills are the representation of management prepared in accordance with generally accepted accounting policies prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Non-Financial Assets

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

Tangible Capital Assets

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

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. Transfers of tangible capital assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

Reserves and Reserve Funds

Certain amounts, as approved by the Board, are set aside in reserves and reserve funds for future purposes.

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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CAMPBELLFORD BUSINESS IMPROVEMENT AREA
THE CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO FINANCIAL STATEMENTS

for year ended December 31, 2010

2. FINANCIAL INSTRUMENTS

Financial instruments consist of bank, and accounts payable and accrued liabilities. It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these instruments approximate their carrying value due to their short term nature.

3. TANGIBLE CAPITAL ASSETS

Tangible capital assets consists of miscellaneous Christmas decorations.

	<u>2010</u>	<u>2009</u>
	\$	\$
Cost	<u>12,248</u>	<u>12,248</u>
Accumulated Amortization Balance - beginning of year	12,248	8,166
Amortization for year	<u>—</u>	<u>4,082</u>
Accumulated Amortization Balance - end of year	<u>12,248</u>	<u>12,248</u>
Net Book Value	<u>—</u>	<u>—</u>

4. CONTINGENT LIABILITY

The Campbellford Business Improvement Area of The Corporation of the Municipality of Trent Hills, amongst others, was named as a defendant in a personal accident litigation claim in 2000. The action seeks \$5,100,000 in damages. There has been no correspondence related to this claim in the past year. The directors are unable to assess the organization's potential liability, if any, resulting from this action.

No provision for possible loss has been included in these financial statements.

CAMPBELLFORD BUSINESS IMPROVEMENT AREA
THE CORPORATION OF THE MUNICIPALITY OF TRENT HILLS
SCHEDULE OF ACCUMULATED SURPLUS

for year ended December 31, 2010

	<u>2010</u>	<u>2009</u>
	\$	\$
RESERVE		
General	5,614	5,633
SURPLUS (DEFICIT)		
Invested in tangible capital assets	—	—
General Revenue Fund	—	—
	<u>5,614</u>	<u>5,633</u>

The accompanying notes are an integral part of this financial statement