

**The Corporation of the
Municipality of Arran-Elderslie
Financial Information
December 31, 2010**

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Financial Statements
For the year ended December 31, 2010**

The Corporation of the Municipality of Arran-Elderslie
Financial Statements
For the year ended December 31, 2010

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Arran-Elderslie

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of Arran-Elderslie, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations and accumulated surplus, changes in net 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

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

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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, 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, the consolidated financial statements present fairly, in all material respects, the financial position of the Municipality of Arran-Elderslie as at December 31, 2010 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario
May 24, 2011

The Corporation of the Municipality of Arran-Elderslie
Consolidated Statement of Financial Position

December 31	2010	2009
Financial assets		
Cash and temporary investments (Note 1)	\$ 5,436,095	\$ 7,725,658
Taxes receivable	2,529,479	1,891,508
Trade and other receivables	1,519,483	1,222,591
Inventory held for resale	5,276	4,138
Long-term receivables (Note 2)	1,490,162	838,982
	<u>10,980,495</u>	<u>11,682,877</u>
Liabilities		
Accounts payable and accrued liabilities	1,483,919	1,004,391
Solid waste closure and post-closure liabilities (Note 3)	165,038	164,065
Deferred revenue (Page 26)	22,874	314,380
Net long-term liabilities (Note 4)	702,661	673,814
	<u>2,374,492</u>	<u>2,156,650</u>
Net financial assets	<u>8,606,003</u>	<u>9,526,227</u>
Non financial assets		
Prepaid expenses	1,767	1,503
Tangible capital assets (Note 5)	27,818,444	23,269,282
	<u>27,820,211</u>	<u>23,270,785</u>
Accumulated surplus (Note 6)	<u>\$ 36,426,214</u>	<u>\$ 32,797,012</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Municipality of Arran-Elderslie
Consolidated Statement of Operations and Accumulated Surplus**

For the year ended December 31	2010	2010	2009
	Budget (Note 8)	Actual	Actual
Revenue			
Taxation	\$ 3,274,066	\$ 3,345,634	\$ 3,028,806
Fees and user charges	3,040,070	3,070,287	3,053,444
Grants (Note 9)	3,780,683	4,999,317	3,303,720
Other income (Note 10)	567,708	2,105,005	1,069,295
	<u>10,662,527</u>	<u>13,520,243</u>	<u>10,455,265</u>
Expenses			
General government	773,191	795,949	668,233
Protection services	1,445,368	1,404,760	1,587,570
Transportation services	2,680,740	4,176,669	2,628,788
Environmental services	1,392,137	1,897,559	2,282,197
Health services	179,929	186,216	149,028
Recreation and cultural services	1,040,422	1,138,920	1,145,058
Planning and development	93,010	290,968	223,389
	<u>7,604,797</u>	<u>9,891,041</u>	<u>8,684,263</u>
Annual surplus (Note 8)	3,057,730	3,629,202	1,771,002
Accumulated surplus, beginning of year	31,004,531	32,797,012	31,004,531
Adjustments for consolidated entity opening surplus amounts	-	-	21,479
Accumulated surplus, end of year	<u>\$ 34,062,261</u>	<u>\$ 36,426,214</u>	<u>\$ 32,797,012</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Arran-Elderslie
Consolidated Statement of Changes in Net Financial Assets

<u>For the year ended December 31</u>	2010	2010	2009
	Budget (Note 8)	Actual	Actual
Annual surplus (Page 6)	\$ 3,057,730	\$ 3,629,202	\$ 1,771,002
Acquisition of tangible capital assets	(5,611,600)	(6,461,231)	(3,699,307)
Amortization of tangible capital assets	-	1,887,998	1,921,519
Loss on sale of tangible capital assets	-	16,075	596
Proceeds on disposal of capital assets	-	7,996	-
Write-downs of tangible capital assets	-	-	(20,174)
Acquisition of inventories of supplies	-	(264)	(1,503)
Decrease in net financial assets	(2,553,870)	(920,224)	(27,867)
Net financial assets, beginning of the year	9,526,227	9,526,227	9,532,615
Adjustments for consolidated entity opening surplus amounts	-	-	21,479
Net financial assets, end of the year	\$ 6,972,357	\$ 8,606,003	\$ 9,526,227

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Arran-Elderslie
Consolidated Statement of Cash Flows

For the year ended December 31	2010	2009
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 3,629,202	\$ 1,771,002
Items not involving cash		
Restatement of opening fund balances	-	21,479
Solid waste closure and post-closure liabilities	973	9,996
Amortization	1,887,998	1,921,519
Write-down of capital assets	-	(20,174)
Deferred revenue recognized	(291,610)	(555,778)
Change in prepaid expenses	(264)	(1,503)
Loss on sale of capital assets	16,075	596
	<u>5,242,374</u>	<u>3,147,137</u>
Changes in non-cash working capital balances		
Taxes receivable	(637,971)	(648,237)
Trade and other receivables	(296,892)	(660,500)
Inventory held for resale	(1,138)	(1,109)
Accounts payable and accrued liabilities	479,528	135,432
Deferred revenue received	104	213,792
	<u>4,786,005</u>	<u>2,186,515</u>
Capital transactions		
Cash used to acquire capital assets	(6,461,231)	(3,699,307)
Proceeds on sale of capital assets	7,996	-
	<u>(6,453,235)</u>	<u>(3,699,307)</u>
Investing activities		
Increase in long term receivables	(1,508,554)	(212,400)
Repayment of long-term receivables	857,374	207,753
	<u>(651,180)</u>	<u>(4,647)</u>
Financing activities		
Additions to long-term liabilities	106,900	212,400
Repayment of long-term liabilities	(78,053)	(84,301)
	<u>28,847</u>	<u>128,099</u>
Net change in cash and cash equivalents	(2,289,563)	(1,389,340)
Cash and cash equivalents, beginning of year	<u>7,725,658</u>	<u>9,114,998</u>
Cash and cash equivalents, end of year	\$ 5,436,095	\$ 7,725,658

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Arran-Elderslie Summary of Significant Accounting Policies

December 31, 2010

Basis of Accounting

The consolidated financial statements of the Corporation of the Municipality of Arran-Elderslie are the representations of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses 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.

Basis of Consolidation

The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Paisley Local Architectural Conservation Advisory Committee

A government partnership exists where the municipality has shared control over the board or entity. The municipality's pro-rata share of the assets, liabilities, revenues and expenses are reflected in the financial statements using the proportionate consolidation method. The municipality's proportionate interest of the following government partnerships are reflected in the consolidated financial statements:

Chesley and District Fire Board	63.20%
Paisley and District Fire Area Committee	56.70%
Bruce Area Solid Waste Recycling Association	8.94%
Saugeen Mobility and Regional Transit	8.60%

The Corporation of the Municipality of Arran-Elderslie Summary of Significant Accounting Policies

December 31, 2010

Revenue Recognition

- a) Tax levies are recognized as revenue when the amounts are levied on the municipality's ratepayers.
- b) User fees and other revenues are recognized when related goods or services are provided and collectibility is reasonably assured.
- c) 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, and eligibility criteria have been met and reasonable estimates of the amounts can be made.
- d) Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations and accumulated surplus in the year in which it is used for the specified purpose.

County and School Board

The municipality collects taxation revenue on behalf of the school boards and the County of Bruce. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Bruce are not reflected in these financial statements.

Trust Funds

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

The Corporation of the Municipality of Arran-Elderslie
Notes to Consolidated Financial Statements

December 31, 2010

1. Cash and Temporary Investments

	2010	2009
Cash	\$ 1,331,880	\$ 3,687,229
Temporary Investments - One Fund	621	621
Temporary Investments - GIC's	4,000,000	4,000,000
Accrued Interest	103,594	37,808
	\$ 5,436,095	\$ 7,725,658

Cash includes \$1,103,051 held in one account at a chartered bank. The account earns interest at the average prime rate less 1.75%.

The GIC's have an escalating interest rate of 1.25% in year 1, 1.75% in year 2 and 2.25% in year 3. The GIC's mature in April 2012.

2. Long-term Receivables

	2010	2009
Paisley water system loans, 6.30% to 7.65%, due 2011 to 2015	\$ 47,753	\$ 165,168
Tara water system loans, 2% to 6%, due 2011 to 2020	739,748	-
Tile drainage loans, 6%, due 2011 to 2020	702,661	673,814
	\$ 1,490,162	\$ 838,982

The Corporation of the Municipality of Arran-Elderslie

Notes to Consolidated Financial Statements

December 31, 2010

3. Solid Waste Closure and Post-Closure Liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance.

The liability for the Chesley Landfill site is recorded at \$98,768 and represents the present value of closure and post-closure costs for 96% of the current site's capacity, using the municipality's average long-term borrowing rate of 3.75%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenditures for closure and post-closure care are \$102,393 leaving an amount to be recognized of \$3,625. The estimated remaining capacity of the site is approximately 5,310 cubic meters, which will be filled in 2 years. Post-closure care is estimated to continue for a period of 10 years.

The liability for the Arran Landfill site is recorded at \$66,270 and represents the present value of closure and post-closure costs for 70% of the current site's capacity, using the municipality's average long-term borrowing rate of 3.75%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenditures for closure and post-closure care are \$95,124 leaving an amount to be recognized of \$28,854. This site is currently not being used, however, the expectation is that this site will re-open after the Chesley Landfill site closes in 2 years. The estimated remaining capacity of the site is approximately 18,200 cubic meters, which will be filled in 4 years. Post-closure care is estimated to continue for a period of 10 years.

The liabilities have been funded through budget allocations.

4. Long-Term Liabilities

The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2010	2009
Tile drainage loans, 6% to 8%, due from 2011 to 2020	\$ 702,661	\$ 673,814

Principal payments for the next 5 fiscal years and thereafter are as follows:

2011	\$	78,210
2012		79,968
2013		84,802
2014		87,798
2015		91,993
Thereafter		279,890
	\$	702,661

Interest paid during the year totalled \$41,010.

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2010

5. Tangible Capital Assets

								2010
	Land and Land Improvements	Buildings	Equipment	Roads	Water and Other Utility Systems	Bridges and Culverts	Vehicles	Total
Cost, beginning of year	\$ 471,329	\$ 4,725,038	\$ 791,597	\$ 39,123,218	\$ 16,732,646	\$ 5,676,361	\$ 4,469,775	\$71,989,964
Additions	37,406	88,198	117,733	782,520	5,034,381	127,786	273,207	6,461,231
Disposals	(24,000)	-	(170)	-	-	-	-	(24,170)
Cost, end of year	484,735	4,813,236	909,160	39,905,738	21,767,027	5,804,147	4,742,982	78,427,025
Accumulated amortization, beginning of year	17,936	2,925,483	449,737	33,947,563	5,164,590	3,251,719	2,963,654	48,720,682
Amortization	7,557	118,381	69,100	804,858	539,547	123,801	224,754	1,887,998
Disposals	-	-	(99)	-	-	-	-	(99)
Accumulated amortization, end of year	25,493	3,043,864	518,738	34,752,421	5,704,137	3,375,520	3,188,408	50,608,581
Net carrying amount, end of year	\$ 459,242	\$ 1,769,372	\$ 390,422	\$ 5,153,317	\$ 16,062,890	\$ 2,428,627	\$ 1,554,574	\$27,818,444

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2010

5. Tangible Capital Assets - (continued)

	2009							
	Land and Land Improvements	Buildings	Equipment	Roads	Water and Other Utility Systems	Bridges and Culverts	Vehicles	Total
Cost, beginning of year	\$ 418,785	\$ 4,687,545	\$ 722,839	\$ 38,272,759	\$ 14,643,056	\$ 5,581,878	\$ 3,983,675	\$ 68,310,537
Additions	52,544	37,493	72,510	866,959	2,089,590	94,483	485,728	3,699,307
Disposals		-	-	(16,500)	-	-	(51,271)	(67,771)
Adjustment for consolidated entities	-	-	(3,752)	-	-	-	51,643	47,891
Cost, end of year	471,329	4,725,038	791,597	39,123,218	16,732,646	5,676,361	4,469,775	71,989,964
Accumulated amortization, beginning of year	10,379	2,810,583	399,000	33,066,999	4,678,991	3,127,767	2,744,902	46,838,621
Amortization	7,557	114,900	49,909	896,468	485,599	123,952	243,134	1,921,519
Disposals		-	-	(15,904)	-	-	(51,271)	(67,175)
Adjustment for consolidated entities	-	-	828	-	-	-	26,889	27,717
Accumulated amortization, end of year	17,936	2,925,483	449,737	33,947,563	5,164,590	3,251,719	2,963,654	48,720,682
Net carrying amount, end of year	\$ 453,393	\$ 1,799,555	\$ 341,860	\$ 5,175,655	\$ 11,568,056	\$ 2,424,642	\$ 1,506,121	\$ 23,269,282

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

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5. **Tangible Capital Assets - (continued)**

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from service) is \$Nil (2008 - \$161,190).

\$Nil (2008 - \$Nil) in contributed (nature of capital assets) capital assets were recognized in the financial statements during the year.

6. **Accumulated Surplus**

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

	2010	2009
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$27,818,444	\$ 23,269,282
Unfinanced capital assets	(840,153)	(553,623)
	26,978,291	22,715,659
Total invested in capital assets		
Operating deficit (Note 8)	(125,000)	-
Airport deficit	-	(1,627)
Fire surplus	9	9
Saugeen Mobility and Regional Transit (S.M.A.R.T.)	240	240
	26,853,540	22,714,281
Reserves and reserve funds (Note 7)	9,572,674	10,082,731
Accumulated surplus	\$36,426,214	\$ 32,797,012

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2010

7. Reserves and Reserve Funds Set Aside for Specific Purpose by Council

	<u>2010</u>	<u>2009</u>
Reserves		
Working funds	\$ 1,209,283	\$ 1,173,444
Sick leave and WSIB	258,867	213,021
Capital purposes	<u>7,983,885</u>	<u>8,593,792</u>
	9,452,035	9,980,257
Reserve funds		
Capital purposes	<u>120,639</u>	<u>102,474</u>
Reserves and reserve funds set aside for specific purpose by Council	<u>\$ 9,572,674</u>	<u>\$ 10,082,731</u>

The Corporation of the Municipality of Arran-Elderslie Notes to Financial Statements

December 31, 2010

8. Budgets

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated the use of reserves accumulated in previous years to reduce current year expenditures in excess of revenues to \$Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. The following is a reconciliation of the budget approved by Council. The budget figures have not been audited.

	2010 Budget	2010 Actual	2009 Actual
Annual surplus (Page 6)	\$ 3,057,730	\$ 3,629,202	\$ 1,771,002
Restatement of opening fund balances	-	-	21,479
Amortization	-	1,887,998	1,921,519
Change in other surpluses	(1,340)	(1,627)	(14,167)
	3,056,390	5,515,573	3,699,833
Transfers to reserves	(1,856,182)	(3,415,493)	(2,211,382)
Transfers from reserves for operations	478,097	106,790	209,666
Transfers from reserves for capital	3,933,295	3,898,542	1,698,612
Capital acquisitions, disposals and write-down	(5,611,600)	(6,437,160)	(3,699,307)
Capital projects not funded	-	840,153	553,623
Prior year capital projects funded	-	(553,623)	(43,500)
Surplus before transfers to reserves	-	(45,218)	207,545
Surplus transfers to reserve per resolution	-	(79,782)	(207,545)
Operating deficit	\$ -	\$ (125,000)	\$ -

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2010

9. Grants

	Budget	2010	2009
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 1,629,000	\$ 1,629,000	\$ 1,855,000
Conditional - Roads	7,804	15,779	15,103
- Sewer and Water	25,000	25,000	25,000
- Other	105,971	91,146	96,932
	<u>1,767,775</u>	<u>1,760,925</u>	<u>1,992,035</u>
Government of Canada			
- Other	1,399	3,518	-
Other Municipalities			
Conditional - Roads	-	744,984	-
- Other	8,000	8,000	8,000
	<u>8,000</u>	<u>752,984</u>	<u>8,000</u>
Total operating grants	<u>1,777,174</u>	<u>2,517,427</u>	<u>2,000,035</u>
Tangible Capital Asset			
Province of Ontario			
Conditional - Roads	226,375	291,612	407,307
- Sewer and water	461,667	455,628	336,802
- Other	-	-	7,618
	<u>688,042</u>	<u>747,240</u>	<u>751,727</u>
Government of Canada			
Conditional - Roads	207,538	206,857	148,471
- Sewer and water	1,095,000	1,527,793	395,869
- Other	-	-	7,618
	<u>1,302,538</u>	<u>1,734,650</u>	<u>551,958</u>
Other Municipalities			
- Other	12,929	-	-
Total tangible capital asset grants	<u>2,003,509</u>	<u>2,481,890</u>	<u>1,303,685</u>
Total grants	<u>\$ 3,780,683</u>	<u>\$ 4,999,317</u>	<u>\$ 3,303,720</u>

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

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10. Other Income

	2010 Budget	2010 Actual	2009 Actual
Penalties and interest on taxation	\$ 225,000	\$ 294,539	\$ 219,463
Other fines and penalties	800	1,989	2,209
Investment income	61,585	91,166	112,133
Licenses, permits and rents	212,465	212,808	202,809
Donations	67,858	118,456	399,616
Local improvement special charges	-	1,401,654	-
Loss on disposal of capital assets	-	(16,075)	(596)
Other	-	468	133,661
	<u>\$ 567,708</u>	<u>\$ 2,105,005</u>	<u>\$ 1,069,295</u>

11. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 33 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS for 2010 by the municipality was \$115,476 (2009 - \$103,020). The contribution rate for 2010 was 6.4% to 13.1% depending on age and income level (2009 - 6.3% to 12.8%).

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The plan has reported a \$4.4 billion actuarial deficit at the end of 2010 (2009 - \$1.5 billion deficit), based on actuarial liabilities of \$60 billion (2009 - \$54.2 billion) and actuarial assets of \$55.6 billion (2009 - \$52.7 billion). There has been a severe decline in financial markets. Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

12. Operations of School Boards and the County of Bruce

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Bruce:

	2010	2009
School boards	\$ 1,510,311	\$ 1,500,337
County of Bruce	1,922,783	1,912,344
	<u>\$ 3,433,094</u>	<u>\$ 3,412,681</u>

The Corporation of the Municipality of Arran-Elderslie Notes to Financial Statements

December 31, 2010

13. Contingencies

- (a) The Municipality of Arran-Elderslie acquired a property under the property tax arrears registration process. An engineering company has been hired to perform an environmental investigation of the property. Some initial clean-up costs have been incurred, however, the full extent of the liability, if any, relating to this property is undeterminable at this time. No accrual has been made in the financial statements for additional costs, if any, as of December 31, 2010.
- (b) Appeals of the current value assessment of properties in the municipality may be in process. The impact on taxation revenue as a result of these rebates is not determinable at this time. The effect of these appeals will be recorded in the fiscal year in which they can be determined.
- (c) Applications for property tax rebates for vacant commercial and industrial buildings may be in process. The impact on taxation revenues as a result of these rebates is not determinable at this time. The effect on taxation of these rebates will be recorded in the year in which they can be determined.
- (d) The Municipality of Arran-Elderslie was a Schedule II employer for WSIB purposes. The Municipality of Arran-Elderslie could be responsible for future benefit costs for injured workers while under Schedule II. The potential liability estimates were not available from WSIB as of May 24, 2011. The Municipality of Arran-Elderslie has funded a reserve of \$38,284 to cover these potential future costs. The Municipality of Arran-Elderslie returned to Schedule I for WSIB in 2004.

14. Subsequent Events

Effective January 1, 2011 the Municipality of Brockton and the Municipality of Kincardine withdrew from the Paisley and District Fire Area Committee. The Town of Saugeen Shores withdrew effective January 1, 2009. The Town of Saugeen Shores received a credit of \$13,799 for its exit share of the equity of the Fire Area Committee which will be used to pay an annual service fee to the Fire Area Committee for the provision of fire services and response to 911 calls. No exit payment will be provided to the Municipalities of Brockton nor Kincardine.

The Corporation of the Municipality of Arran-Elderslie Notes to Financial Statements

December 31, 2010

15. Segmented Information

The Municipality of Arran-Elderslie is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, sewer, water, waste, collection, disposal and recycling, recreational, library and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This item related to the revenues and expenses that relate to the governance and operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of police services, fire protection, conservation authority, emergency measures, animal control and building and structural inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. The building department provides a number of services including maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Transportation

Transportation is responsible for construction and maintenance of the municipality's roadways, bridges, storm sewers, parking areas, streetlighting and air transportation.

Sewer and Water

This service provides the municipality's drinking water. They process and clean sewage and ensure the municipality's water system meets all Provincial standards.

Environmental

Environmental services consists of providing waste collection, disposal and recycling to its citizens.

Health

Health services include contributions to support local Hospitals. Health services also includes the operations of local cemeteries.

The Corporation of the Municipality of Arran-Elderslie Notes to Financial Statements

December 31, 2010

Recreational and Cultural Services

This service area provides services meant to improve the health and development of the municipality's citizens. The municipality operates and maintains or contributed to parks, arenas, community centres, a campground, and museums. The municipality also provides library services and recreational programs.

Planning and Development

This department is responsible for planning and zoning and downtown revitalization. This service area also includes municipal and tile drainage.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segment have been allocated on a reasonable basis as follows:

**Taxation, payments-in-lieu
and penalties and interest**

Allocated to those segments that are funded by these amounts based on the budget for the year

OMPF grants

Allocated to segments based on the budget for the year

The Corporation of the Municipality of Arran-Elderslie
Notes to the Financial Statements

For the year ended December 31, 2010	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2010 Total
Revenue									
Taxation	\$ 66,914	\$ 736,039	\$ 2,141,205	\$ -	\$ -	\$ -	\$ 368,020	\$ 33,456	\$ 3,345,634
Fees and user charges	22,132	29,960	29,518	1,996,378	520,805	39,500	388,564	43,430	3,070,287
Specific grants	793	-	1,275,468	2,008,421	31,971	29,000	14,253	10,411	3,370,317
OMPF grant	32,580	358,380	1,042,560	-	-	-	179,190	16,290	1,629,000
Other revenue	355,378	125,502	1,417	1,412,549	275	153,297	56,093	494	2,105,005
	<u>477,797</u>	<u>1,249,881</u>	<u>4,490,168</u>	<u>5,417,348</u>	<u>553,051</u>	<u>221,797</u>	<u>1,006,120</u>	<u>104,081</u>	<u>13,520,243</u>
Expenses									
Salaries and benefits	544,827	216,423	695,311	331,197	157,640	65,914	543,510	68,037	2,622,859
Interest on debt	-	-	-	-	-	-	-	41,010	41,010
Materials and supplies	120,866	113,475	2,108,789	296,094	84,090	46,184	411,168	4,904	3,185,570
Contracted services	62,656	916,418	305,038	229,933	196,440	58,479	66,908	177,017	2,012,889
Other transfers	44,705	59,813	-	-	-	-	-	-	104,518
Rents and financial expenses	8,980	-	1,282	6,046	3,506	297	3,172	-	23,283
Amortization	13,919	98,631	1,066,244	570,268	22,346	15,342	114,162	-	1,900,912
	<u>795,953</u>	<u>1,404,760</u>	<u>4,176,664</u>	<u>1,433,538</u>	<u>464,022</u>	<u>186,216</u>	<u>1,138,920</u>	<u>290,968</u>	<u>9,891,041</u>
Annual surplus (deficit)	\$ (318,156)	\$ (154,879)	\$ 313,504	\$ 3,983,810	\$ 89,029	\$ 35,581	\$ (132,800)	\$ (186,887)	\$ 3,629,202

The Corporation of the Municipality of Arran-Elderslie
Notes to the Financial Statements

For the year ended December 31, 2009	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2009 Total
Revenue									
Taxation	\$ 302,881	\$ 545,185	\$ 1,393,251	\$ -	\$ 242,304	\$ 151,440	\$ 363,457	\$ 30,288	\$ 3,028,806
Fees and user charges	23,161	27,448	58,353	1,972,603	458,242	25,080	381,907	106,650	3,053,444
Specific grants	-	-	592,307	757,672	29,264	-	33,795	35,682	1,448,720
OMPF grant	185,500	333,900	853,300	-	148,400	92,750	222,600	18,550	1,855,000
Other revenue	490,992	110,371	2,647	19,066	161	382,068	63,990	-	1,069,295
	<u>1,002,534</u>	<u>1,016,904</u>	<u>2,899,858</u>	<u>2,749,341</u>	<u>878,371</u>	<u>651,338</u>	<u>1,065,749</u>	<u>191,170</u>	<u>10,455,265</u>
Expenses									
Salaries and benefits	467,604	174,481	685,402	334,250	143,765	55,367	544,838	22,596	2,428,303
Interest on debt	-	-	-	-	-	-	-	34,181	34,181
Materials and supplies	94,322	157,007	553,578	795,523	87,301	53,262	447,559	1,319	2,189,871
Contracted services	73,078	1,095,685	226,225	208,076	173,037	27,277	41,146	165,294	2,009,818
Other transfers	18,668	58,155	-	-	-	-	-	-	76,823
Rents and financial expenses	3,550	43	2,620	7,673	9,223	68	2,244	-	25,421
Amortization	11,011	102,199	1,160,963	502,879	20,468	13,054	109,272	-	1,919,846
	<u>668,233</u>	<u>1,587,570</u>	<u>2,628,788</u>	<u>1,848,401</u>	<u>433,794</u>	<u>149,028</u>	<u>1,145,059</u>	<u>223,390</u>	<u>8,684,263</u>
Annual surplus (deficit)	\$ 334,301	\$ (570,666)	\$ 271,070	\$ 900,940	\$ 444,577	\$ 502,310	\$ (79,310)	\$ (32,220)	\$ 1,771,002

The Corporation of the Municipality of Arran-Elderslie
Schedule of Deferred Revenue

For the year ended December 31, 2010

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
In lieu of parkland	\$ 2,758	\$ -	\$ 13	\$ -	\$ 2,771
Subdivider contributions	20,012	-	91	-	20,103
	<u>22,770</u>	<u>-</u>	<u>104</u>	<u>-</u>	<u>22,874</u>
Other					
Federal Gas Tax	65,236	-	-	(65,236)	-
Investing in Ontario grant	123,037	-	-	(123,037)	-
Roads and bridges grant	103,337	-	-	(103,337)	-
	<u>291,610</u>	<u>-</u>	<u>-</u>	<u>(291,610)</u>	<u>-</u>
	<u>\$ 314,380</u>	<u>\$ -</u>	<u>\$ 104</u>	<u>\$ (291,610)</u>	<u>\$ 22,874</u>

**The Corporation of the
Municipality of Arran-Elderslie
Trust Funds
For the year ended December 31, 2010**

The Corporation of the Municipality of Arran-Elderslie
Trust Funds
For the year ended December 31, 2010

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Arran-Elderslie Trust Funds

We have audited the accompanying financial information for the trust funds of the Municipality of Arran-Elderslie, which comprise the balance sheet as at December 31, 2010, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Information

Management is responsible for the preparation and fair presentation of this financial information in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial information 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 information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, 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 information 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 information.

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 information presents fairly, in all material respects, the balance sheet for the trust funds of the Municipality of Arran-Elderslie as at December 31, 2010 and the statement of continuity for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario
April 19, 2011

**The Corporation of the Municipality of Arran-Elderslie
Trust Funds
Balance Sheet**

December 31, 2010

	Total	Care and Maintenance	Cemetery Prepaid	Gravel Deposits	Forbes Gravel Pit
Assets					
Cash	\$ 108,723	\$ 84,191	\$ 12,492	\$ -	\$ 12,040
Investments	361,145	345,145	-	16,000	-
	469,868	429,336	12,492	16,000	12,040
Other					
Accrued interest	3,384	3,272	57	-	55
	\$ 473,252	\$ 432,608	\$ 12,549	\$ 16,000	\$ 12,095
Liabilities					
Due to the Municipality of Arran-Elderslie	\$ 61,223	\$ 61,223	\$ -	\$ -	\$ -
Fund balance	412,029	371,385	12,549	16,000	12,095
	\$ 473,252	\$ 432,608	\$ 12,549	\$ 16,000	\$ 12,095

Statement of Continuity

	Total	Care and Maintenance	Cemetery Prepaid	Gravel Deposits	Forbes Gravel Pit
Balance, beginning of the year	\$ 393,787	\$ 353,255	\$ 12,492	\$ 16,000	\$ 12,040
Receipts					
Interest	112	-	57	-	55
Plot sales and monument fees	18,130	18,130	-	-	-
	18,242	18,130	57	-	55
Balance, end of the year	\$ 412,029	\$ 371,385	\$ 12,549	\$ 16,000	\$ 12,095

**The Corporation of the Municipality of Arran-Elderslie
Trust Funds
Notes to Financial Information**

December 31, 2010

1. Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements of the Corporation of the Municipality of Arran-Elderslie Trust Funds are the representation of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing except that tangible capital assets are expensed in the statement of continuity in the year of acquisition.

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses 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.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Basis of Consolidation

These trust funds have not been consolidated with the financial statements of the municipality.

2. Investments

The total investments of \$361,145 (2009 - \$303,194) reported on the Balance Sheet at cost have a market value of \$361,145 (2009 - \$303,194) at the end of the year.

**Chesley and District Fire Board
Financial Statements
For the year ended December 31, 2010**

Chesley and District Fire Board
Financial Statements
For the year ended December 31, 2010

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Independent Auditor's Report

**To the Board Members, Members of Council
Inhabitants and Ratepayers of the
Participating Municipalities of the
Chesley and District Fire Board**

We have audited the accompanying financial statements of the Chesley and District Fire Board, which comprise the statement of financial position as at December 31, 2010, and the statements of operations and accumulated surplus, 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

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.

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 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 the Chesley and District Fire Board as at December 31, 2010 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario
May 24, 2011

Chesley and District Fire Board
Statement of Financial Position

<u>December 31</u>	<u>2010</u>	<u>2009</u>
Financial assets		
Due from the Township of Chatsworth	\$ 44,446	\$ 22,380
Liabilities		
Due to the Municipality of Arran-Elderslie	<u>44,446</u>	<u>22,380</u>
Net financial assets	-	-
Non financial assets		
Tangible capital assets (Note 2)	<u>383,990</u>	<u>425,014</u>
Accumulated surplus	<u>\$ 383,990</u>	<u>\$ 425,014</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Chesley and District Fire Board
Statement of Operations and Accumulated Surplus

For the year ended December 31	2010	2010	2009
	Budget (Note 1)	Actual	Actual
Revenue			
Municipal contributions			
Municipality of Arran-Elderslie	\$ 80,776	\$ 75,558	\$ 73,796
Township of Chatsworth	41,000	44,446	43,354
Donations and other income	1,758	8,269	21,144
	<u>123,534</u>	<u>128,273</u>	<u>138,294</u>
Expenses			
Salaries and wages	63,100	61,195	59,156
Tanker expense	1,100	1,345	1,150
Materials, supplies and services	48,085	51,091	59,684
Amortization	-	55,666	52,824
	<u>112,285</u>	<u>169,297</u>	<u>172,814</u>
Annual surplus (Note 1)	11,249	(41,024)	(34,520)
Accumulated surplus, beginning of year	<u>425,014</u>	<u>425,014</u>	<u>459,534</u>
Accumulated surplus, end of year	<u>\$ 436,263</u>	<u>\$ 383,990</u>	<u>\$ 425,014</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Chesley and District Fire Board
Statement of Changes in Net Financial Assets

<u>For the year ended December 31</u>	2010	2010	2009
	Budget (Note 1)	Actual	Actual
Annual surplus (Page 6)	\$ 11,249	\$ (41,024)	\$ (34,520)
Acquisition of tangible capital assets	(11,249)	(14,642)	(18,304)
Amortization of tangible capital assets	-	55,666	52,824
	(11,249)	41,024	34,520
Increase in net financial assets	-	-	-
Net financial assets, beginning of year	-	-	-
Net financial assets, end of year	\$ -	\$ -	\$ -

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Chesley and District Fire Board
Statement of Cash Flows

<u>For the year ended December 31</u>	<u>2010</u>	<u>2009</u>
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ (41,024)	\$ (34,520)
Items not involving cash		
Amortization	<u>55,666</u>	<u>52,824</u>
	14,642	18,304
Changes in non-cash working capital balances		
Due from the Township of Chatsworth	(22,066)	(2,946)
Due to the Municipality of Arran-Elderslie	<u>22,066</u>	<u>2,946</u>
	14,642	18,304
Capital transactions		
Cash used to acquire capital assets	<u>(14,642)</u>	<u>(18,304)</u>
Net change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Chesley and District Fire Board Summary of Significant Accounting Policies

December 31, 2010

Basis of Accounting

The consolidated financial statements of the Chesley and District Fire Board are the representations of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

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.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by Council. The following rates are used:

Vehicles	10 years
Equipment and clothing	12 years

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

Chesley and District Fire Board
Summary of Significant Accounting Policies

December 31, 2010

Revenue Recognition

Revenues are reported on the accrual basis of accounting. Revenues are recognized as follows:

- (a) Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
 - (b) 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, and eligibility criteria have been met and reasonable estimates of the amounts can be made.
-

Chesley and District Fire Board
Notes to Financial Statements

December 31, 2010

1. Budgets

The budget adopted by the Board was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated the use of reserves accumulated in previous years to reduce current year expenditures in excess of revenues to \$Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. The following is a reconciliation of the budget approved by the Board. The budget figures have not been audited.

	2010 Budget	2010 Actual	2009 Actual
Annual surplus (Page 6)	\$ 11,249	\$ (41,024)	\$ (34,520)
Capital acquisitions	(11,249)	(14,642)	(18,304)
Amortization	-	55,666	52,824
	\$ -	\$ -	\$ -

2. Tangible Capital Assets

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Vehicles	\$ 772,870	\$ 442,428	\$ 772,870	\$ 396,653
Equipment and clothing	96,024	42,476	81,382	32,585
	\$ 868,894	\$ 484,904	\$ 854,252	\$ 429,238
Net book value	\$ 383,990		\$ 425,014	

**Paisley and District Fire Area
Committee
Financial Statements
For the year ended December 31, 2010**

Paisley and District Fire Area Committee
Financial Statements
For the year ended December 31, 2010

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Independent Auditor's Report

**To the Board Members, Members of Council
Inhabitants and Ratepayers of the
Participating Municipalities of the
Paisley and District Fire Area Committee**

We have audited the accompanying financial statements of the Paisley and District Fire Area Committee, which comprise the statement of financial position as at December 31, 2010, and the statements of operations and accumulated surplus, 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

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.

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 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 the Paisley and District Fire Area Committee as at December 31, 2010 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario
May 24, 2011

Paisley and District Fire Area Committee
Statement of Financial Position

December 31	2010	2009
Financial assets		
Due from Municipality of Brockton	\$ 24,875	\$ 14,708
Due from Municipality of Kincardine	34,749	20,546
	<u>59,624</u>	<u>35,254</u>
Liabilities		
Due to Municipality of Arran-Elderslie	53,548	25,178
Due to Town of Saugeen Shores	5,799	9,799
	<u>59,347</u>	<u>34,977</u>
Net financial assets	277	277
Non financial assets		
Tangible capital assets (Note 1)	95,117	121,519
Accumulated surplus (Note 2)	\$ 95,394	121,796

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Paisley and District Fire Area Committee
Statement of Operations and Accumulated Surplus

For the year ended December 31	2010	2010	2009
	Budget (Note 3)	Actual	Actual
Revenue			
Municipal contributions			
Municipality of Arran-Elderslie	\$ 65,412	\$ 65,374	\$ 66,521
Municipality of Brockton	24,519	24,875	25,311
Municipality of Kincardine	34,252	34,749	35,359
County of Bruce grant	5,000	5,000	5,000
Town of Saugeen Shores service fee	-	4,000	4,000
Other	1,200	2,728	1,908
	<u>130,383</u>	<u>136,726</u>	<u>138,099</u>
Expenditures			
Administration	6,000	4,554	6,445
Alarm system	8,322	8,066	7,931
Amortization	-	35,735	33,954
Education	4,000	3,829	2,498
Heat, light and power	5,300	6,948	5,028
Insurance	6,743	6,743	6,899
Repairs and maintenance	12,896	11,435	13,647
Truck expense	6,200	6,556	8,969
Wages and benefits	73,600	79,262	74,608
Saugeen Shores payout	-	-	13,799
	<u>123,061</u>	<u>163,128</u>	<u>173,778</u>
Annual surplus (deficit) (Note 3)	7,322	(26,402)	(35,679)
Accumulated surplus, beginning of the year	<u>121,796</u>	<u>121,796</u>	<u>157,475</u>
Accumulated surplus, end of the year	<u>\$ 129,118</u>	<u>\$ 95,394</u>	<u>\$ 121,796</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Paisley and District Fire Area Committee
Statement of Changes in Net Financial Assets

<u>For the year ended December 31</u>	<u>2010</u>	<u>2010</u>	<u>2009</u>
	Budget (Note 3)	Actual	Actual
Annual surplus	\$ 7,322	\$ (26,402)	\$ (35,679)
Acquisition of tangible capital assets	(7,322)	(9,333)	(8,169)
Amortization of tangible capital assets	-	35,735	33,954
	<u>(7,322)</u>	<u>26,402</u>	<u>25,785</u>
Decrease in net financial assets	-	-	(9,894)
Net financial assets, beginning of year	<u>277</u>	<u>277</u>	<u>10,171</u>
Net financial assets, end of year	<u>\$ 277</u>	<u>\$ 277</u>	<u>\$ 277</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Paisley and District Fire Area Committee
Consolidated Statement of Cash Flows

<u>For the year ended December 31</u>	<u>2010</u>	<u>2009</u>
Cash provided by (used in)		
Operating activities		
Annual deficit	\$ (26,402)	\$ (35,679)
Items not involving cash		
Amortization	<u>35,735</u>	<u>33,954</u>
	9,333	(1,725)
Changes in non-cash working capital balances		
Due from municipalities	(24,370)	41
Due to municipalities	<u>24,370</u>	<u>9,853</u>
	9,333	8,169
Capital transactions		
Cash used to acquire capital assets	<u>(9,333)</u>	<u>(8,169)</u>
Net change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Paisley and District Fire Area Committee Summary of Significant Accounting Policies

December 31, 2010

Basis of Accounting

The financial statements of the Paisley and District Fire Area Committee are the representations of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

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.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by Council. The following rates are used:

Vehicles	10 years
Clothing and equipment	12 years

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

Paisley and District Fire Area Committee
Summary of Significant Accounting Policies

December 31, 2010

Revenue Recognition

Revenues are reported on the accrual basis of accounting. Revenues are recognized as follows:

- (a) Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
 - (b) 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, and eligibility criteria have been met and reasonable estimates of the amounts can be made.
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Paisley and District Fire Area Committee
Notes to Financial Statements

December 31, 2010

1. Tangible Capital Assets

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Vehicles	\$ 420,632	\$ 368,320	\$ 420,632	\$ 340,321
Clothing and equipment	88,007	45,202	78,674	37,466
	\$ 508,639	\$ 413,522	\$ 499,306	\$ 377,787
Net book value		\$ 95,117		\$ 121,519

2. Accumulated Surplus

The organization segregates its accumulated surplus in the following categories:

	2010	2009
Invested in capital assets	\$ 95,117	\$ 121,519
General surplus	17	17
Shelburne and District Fire Department	242	242
Reserves and reserve funds	260	260
	\$ 95,636	\$ 122,038

Paisley and District Fire Area Committee
Notes to Financial Statements

December 31, 2010

3. Budgets

The budget adopted by the Committee was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated the use of reserves accumulated in previous years to reduce current year expenditures in excess of revenues to \$Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. The following is a reconciliation of the budget approved by the Committee. The budget figures have not been audited.

	2010 Budget	2010 Actual	2009 Actual
Annual surplus (deficit) (Page 6)	\$ 7,322	\$ (26,402)	\$ (35,679)
Prior year general surplus	-	17	9,911
Capital acquisitions	(7,322)	(9,333)	(8,169)
Amortization	-	35,735	33,954
General surplus	\$ -	\$ 17	\$ 17

4. Subsequent Events

Effective January 1, 2011 the Municipality of Brockton and the Municipality of Kincardine withdrew from the Paisley and District Fire Area Committee. The Town of Saugeen Shores withdrew effective January 1, 2009. The Town of Saugeen Shores received a credit of \$13,799 for its exit share of the equity of the Fire Area Committee which will be used to pay an annual service fee to the Fire Area Committee for the provision of fire services and response to 911 calls. No exit payment will be provided to the Municipalities of Brockton nor Kincardine.
