

**CORPORATION OF THE TOWNSHIP OF AMARANTH**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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Chartered Accountants  
and Business Advisors

People Count.

## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Amaranth

### Report on the Financial Statements

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

### Management's Responsibility for the 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 auditors consider 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Amaranth 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.

### Emphasis of Matter

We draw attention to note 11 to the financial statements which describes the restatement of certain 2009 balances presented for comparative purposes. Our opinion is not qualified in respect of this matter.

A handwritten signature in black ink, appearing to read 'R. G. L. P.', is located in the bottom right area of the page.

Fergus, Ontario  
June 15, 2011

Chartered Accountants  
Licensed Public Accountants

**CORPORATION OF THE TOWNSHIP OF AMARANTH  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2010**

**FINANCIAL ASSETS**

|                                | <b>2010</b>      | <b>2009</b>      |
|--------------------------------|------------------|------------------|
|                                |                  | (note 11)        |
| Cash                           | \$ 495,516       | \$ 0             |
| Taxes receivable               | 701,753          | 811,350          |
| Accounts receivable            | 301,542          | 384,043          |
| Notes receivable (note 2)      | 198,695          | 224,038          |
| Long term receivables (note 3) | <u>73,497</u>    | <u>87,190</u>    |
|                                | <u>1,771,003</u> | <u>1,506,621</u> |

**LIABILITIES**

|   |                  |                  |
|---|------------------|------------------|
| Bank overdraft  | 0                | 481,025          |
| Accounts payable and accrued liabilities                    | 387,110          | 208,319          |
| Tile drainage loan payable (note 3)                         | 73,497           | 87,190           |
| Deferred revenue  | 522,819          | 52,506           |
| Deferred revenue - Obligatory reserve funds<br>(schedule 3) | 230,925          | 351,590          |
| Long term debt (note 4)                                     | 198,574          | 218,574          |
| Landfill site closure and post-closure liability (note 9)   | <u>112,964</u>   | <u>105,467</u>   |
|   | <u>1,525,889</u> | <u>1,504,671</u> |

**NET FINANCIAL ASSETS**

|                |              |
|----------------|--------------|
| <u>245,114</u> | <u>1,950</u> |
|----------------|--------------|

**NON-FINANCIAL ASSETS**

|                                      |                   |                   |
|--------------------------------------|-------------------|-------------------|
| Tangible capital assets (schedule 2) | 17,360,879        | 17,561,267        |
| Inventory                            | 1,243,150         | 1,333,150         |
| Prepaid expenses                     | <u>0</u>          | <u>125,107</u>    |
|                                      | <u>18,604,029</u> | <u>19,019,524</u> |

**ACCUMULATED SURPLUS** (schedule 4)

|                      |                      |
|----------------------|----------------------|
| <u>\$ 18,849,143</u> | <u>\$ 19,021,474</u> |
|----------------------|----------------------|

**CORPORATION OF THE TOWNSHIP OF AMARANTH  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

|  | <b>2010<br/>Budget</b> | <b>2010<br/>Actual</b> | <b>2009<br/>Actual<br/>(note 11)</b> |
|--|------------------------|------------------------|--------------------------------------|
| <b>REVENUE</b>   |                        |                        |                                      |
| Taxation revenue   | \$ 2,563,178           | \$ 2,605,885           | \$ 2,322,622                         |
| Fees and user charges                                      | 227,780                | 365,441                | 373,318                              |
| Canada grants  | 15,000                 | 15,650                 | 226,406                              |
| Ontario grants   | 339,440                | 351,786                | 512,318                              |
| Other income (note 6)                                      | 208,300                | 225,660                | 341,931                              |
| Obligatory reserve fund revenue<br>recognized (schedule 3) | <u>319,967</u>         | <u>319,967</u>         | <u>75,178</u>                        |
|  | <u>3,673,665</u>       | <u>3,884,389</u>       | <u>3,851,773</u>                     |
| <b>EXPENSES</b>  |                        |                        |                                      |
| General government   | 630,451                | 712,161                | 618,452                              |
| Protection services  | 683,762                | 627,019                | 638,361                              |
| Transportation services                                    | 1,734,721              | 1,840,437              | 1,891,282                            |
| Environmental services                                     | 263,092                | 368,498                | 309,481                              |
| Health services  | 6,220                  | 8,152                  | 5,680                                |
| Recreation and cultural services                           | 344,038                | 347,040                | 233,113                              |
| Planning and development                                   | <u>132,487</u>         | <u>153,413</u>         | <u>236,242</u>                       |
|  | <u>3,794,771</u>       | <u>4,056,720</u>       | <u>3,932,611</u>                     |
| <b>ANNUAL DEFICIT</b>                                      | <u>\$ (121,106)</u>    | <u>\$ (172,331)</u>    | <u>\$ (80,838)</u>                   |
| <b>ACCUMULATED SURPLUS, beginning of year</b>              |                        | \$ 19,021,474          | \$ 19,102,312                        |
| Annual deficit   |                        | <u>(172,331)</u>       | <u>(80,838)</u>                      |
| <b>ACCUMULATED SURPLUS, end of year</b>                    |                        | <u>\$ 18,849,143</u>   | <u>\$ 19,021,474</u>                 |

**CORPORATION OF THE TOWNSHIP OF AMARANTH  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

|  | <b>2010<br/>Budget</b> | <b>2010<br/>Actual</b> | <b>2009<br/>Actual<br/>(note 11)</b> |
|--|------------------------|------------------------|--------------------------------------|
| <b>Annual deficit</b>                                  | \$ <u>(121,106)</u>    | \$ <u>(172,331)</u>    | \$ <u>(80,838)</u>                   |
| Acquisition of tangible capital assets                 | (817,387)              | (737,533)              | (1,020,064)                          |
| Amortization of tangible capital assets                | 918,752                | 931,511                | 916,672                              |
| Loss on disposal of assets                             | 0                      | 6,410                  | 2,447                                |
| Consumption of gravel inventory                        | 0                      | 90,000                 | 172,652                              |
| Acquisition of prepaid expense                         | 0                      | 0                      | (125,107)                            |
| Use of prepaid expense                                 | <u>0</u>               | <u>125,107</u>         | <u>0</u>                             |
|  | <u>101,365</u>         | <u>415,495</u>         | <u>(53,400)</u>                      |
| <b>(DECREASE) INCREASE IN NET FINANCIAL<br/>ASSETS</b> | <u>\$ (19,741)</u>     | 243,164                | (134,238)                            |
| <b>NET FINANCIAL ASSETS, beginning of year</b>         |                        | <u>1,950</u>           | <u>136,188</u>                       |
| <b>NET FINANCIAL ASSETS, end of year</b>               |                        | <u>\$ 245,114</u>      | <u>\$ 1,950</u>                      |

**CORPORATION OF THE TOWNSHIP OF AMARANTH  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

|  | <b>2010</b>       | <b>2009</b><br>(note 11) |
|--|-------------------|--------------------------|
| <b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b> |                   |                          |
| Annual surplus (deficit)                               | \$ (172,331)      | \$ (80,838)              |
| Items not requiring an outlay of cash                  |                   |                          |
| Amortization of tangible capital assets                | 931,511           | 916,672                  |
| Loss on disposal of assets                             | 6,410             | 2,447                    |
| Consumption of gravel inventory                        | <u>90,000</u>     | <u>172,652</u>           |
|  | <u>855,590</u>    | <u>1,010,933</u>         |
| Net changes in non-cash working capital                |                   |                          |
| Taxes receivable                                       | 109,597           | (137,500)                |
| Accounts receivable                                    | 82,501            | (100,940)                |
| Decrease (increase) in prepaid expenses                | 125,107           | (125,107)                |
| Accounts payable and accrued liabilities               | 178,791           | (254,448)                |
| Landfill site closure and post-closure liability       | 7,497             | (33,586)                 |
| Deferred revenue                                       | 470,313           | 52,506                   |
| Deferred revenue - Obligatory reserve funds            | <u>(120,665)</u>  | <u>(28,890)</u>          |
|  | <u>853,141</u>    | <u>(627,965)</u>         |
|  | <u>1,708,731</u>  | <u>382,968</u>           |
| <b>CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES</b>   |                   |                          |
| Acquisition of tangible capital assets                 | <u>(737,533)</u>  | <u>(1,020,064)</u>       |
| <b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b> |                   |                          |
| Long term debt   | (20,000)          | (20,000)                 |
| Tile drainage payable                                  | <u>(13,693)</u>   | <u>16,637</u>            |
|  | <u>(33,693)</u>   | <u>(3,363)</u>           |
| <b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b> |                   |                          |
| Change in long-term receivables                        | 13,693            | (16,637)                 |
| Change in notes receivable                             | <u>25,343</u>     | <u>25,133</u>            |
|  | <u>39,036</u>     | <u>8,496</u>             |
| <b>NET INCREASE (DECREASE) IN CASH</b>                 | 976,541           | (631,963)                |
| <b>(BANK OVERDRAFT) CASH, beginning of year</b>        | <u>(481,025)</u>  | <u>150,938</u>           |
| <b>CASH (BANK OVERDRAFT), end of year</b>              | <u>\$ 495,516</u> | <u>\$ (481,025)</u>      |

see accompanying notes

**CORPORATION OF THE TOWNSHIP OF AMARANTH  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Corporation of the Township of Amaranth are the representation of management, prepared in accordance with Canadian generally accepted accounting principles. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

**(a) BASIS OF CONSOLIDATION**

- (i) These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures for the revenue fund, capital fund, reserve funds and reserves and include the activities of all committees of Council and the boards and municipal enterprises which are under the control of Council. The following boards and municipal enterprises owned or controlled by Council have been consolidated:

- (a) The Shelburne District Fire Board  
Proportionate consolidation: 14.5% in 2010; 14% in 2009.
- (b) The Grand Valley and District Fire Board  
Proportionate consolidation: operating - 24.12% in 2010; 24.39% in 2009,  
capital - 29.23% in 2010; 28.95% in 2009.

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

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

**(b) BASIS OF ACCOUNTING**

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest on long term liabilities which are charged against operations in the periods in which they are paid. The principal and interest charges are not accrued for the periods from the dates of the latest instalment payments to the end of the financial year.
- (ii) 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.
- (iii) Capital outlay to be recovered in future years, which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the Schedule of Accumulated Surplus.

**CORPORATION OF THE TOWNSHIP OF AMARANTH  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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

(c) DEFERRED REVENUE

The revenue is reported on the Consolidated Statement of Financial Activities in the year in which it is used for the specified purpose.

(d) AMOUNTS TO BE RECOVERED

Amounts to be recovered are reported in the municipal position on the Schedule of Accumulated Surplus. The balance represents the outstanding principal portion of unmatured long term liabilities, liabilities not yet due, and other future expenditures not yet levied on the ratepayers.

(e) 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 Statement of Financial Position.

(f) 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.

(i) Tangible capital assets

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

|                            |                 |
|----------------------------|-----------------|
| Land improvements          | 15 to 20 years  |
| Buildings                  | 25 to 50 years  |
| Vehicles                   | 6 to 20 years   |
| Furniture and equipment    | 2 to 20 years   |
| Road bases                 | 60 years        |
| Road surfaces              | 2 to 15 years   |
| Bridges and infrastructure | 25 to 100 years |

Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

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

(iii) 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.

**CORPORATION OF THE TOWNSHIP OF AMARANTH  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**2. NOTES RECEIVABLE**

|   | <b>2010</b>       | <b>2009</b><br>(note 11) |
|---|-------------------|--------------------------|
| Water loan receivable for the capital costs of upgrades to provide water service to users of the system as set out in By-Law Number 50-2006 | \$ <u>198,695</u> | \$ <u>224,038</u>        |

The loan receivable in the amount of \$140,882 is due from 72 ratepayers, bears interest at 6% per annum and is recoverable in annual instalments of \$398, which commenced in April 2007 and will mature in April 2017. The loan receivable in the amount of \$57,813 is due from 22 ratepayers, bears interest at 7.5% per annum and is recoverable in annual instalments of \$287, which commenced in April 2007 and will mature in April 2027.

**3. TILE DRAINAGE LOANS**

|   | <b>2010</b>   | <b>2009</b><br>(note 11) |
|---|---------------|--------------------------|
| The township is contingently liable for long term liabilities with respect to tile drainage loans. The total amount of loans outstanding at the end of the year is  | \$ 73,497     | \$ 87,190                |
| The responsibility of the tile drainage loans for payment of principal and interest charges has been assumed by individuals. At the end of the year, the outstanding principal receivable from individuals is | <u>73,497</u> | <u>87,190</u>            |
|   | <u>\$ 0</u>   | <u>\$ 0</u>              |

Future principal payments and recoveries from individuals are as follows:

|            |                  |
|------------|------------------|
| 2011       | \$ 11,616        |
| 2012       | 12,351           |
| 2013       | 10,928           |
| 2014       | 11,583           |
| 2015       | 11,583           |
| Thereafter | <u>15,436</u>    |
|            | <u>\$ 73,497</u> |

**4. LONG TERM DEBT**

The balance of long term debt on the Consolidated Statement of Financial Position is made up of the following:

|  | <b>2010</b>       | <b>2009</b><br>(note 11) |
|--|-------------------|--------------------------|
| Water operating loan - demand instalment loan maturing by December 2021, bearing interest at prime | \$ <u>198,574</u> | \$ <u>218,574</u>        |

**5. AMOUNTS TO BE RECOVERED**

|   | <b>2010</b>       | <b>2009</b><br>(note 11) |
|---|-------------------|--------------------------|
| Landfill closure and post-closure liability | \$ <u>112,964</u> | \$ <u>105,467</u>        |

**CORPORATION OF THE TOWNSHIP OF AMARANTH  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**6. OTHER INCOME**

|  | <b>2010</b>       | <b>2009</b><br>(note 11) |
|--|-------------------|--------------------------|
| Penalties and interest on taxation             | \$ 102,028        | \$ 100,461               |
| Licenses, permits and rents                    | 100               | 2,600                    |
| Other fines and penalties                      | 1,603             | 1,786                    |
| Investment income                              | 16,574            | 22,294                   |
| Donations                                      | 2,827             | 2,496                    |
| Gain (loss) on sale of tangible capital assets | (6,410)           | (2,447)                  |
| Parkland contributions                         | 0                 | 3,500                    |
| Other  | <u>108,938</u>    | <u>211,241</u>           |
|  | <u>\$ 225,660</u> | <u>\$ 341,931</u>        |

**7. OPERATIONS OF THE SCHOOL BOARDS AND THE COUNTY OF DUFFERIN**

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

|                    | <b>2010</b>         | <b>2009</b><br>(note 11) |
|--------------------|---------------------|--------------------------|
| School boards      | \$ 1,319,038        | \$ 1,245,270             |
| County of Dufferin | <u>1,795,749</u>    | <u>1,726,612</u>         |
|                    | <u>\$ 3,114,787</u> | <u>\$ 2,971,882</u>      |

**8. TRUST FUNDS**

The trust funds administered by the municipality amounting to \$11,625 (2009 - \$10,209) have not been included in the consolidated statement of financial position, nor have the operations been included in the consolidated statement of financial activities. At December 31, 2010, the trust fund balances are as follows:

|                     | <b>2010</b>      | <b>2009</b><br>(note 11) |
|---------------------|------------------|--------------------------|
| Cemetery care funds | <u>\$ 11,625</u> | <u>\$ 10,209</u>         |

**9. LANDFILL SITE CLOSURE AND POST-CLOSURE LIABILITY**

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of this landfill, removing of ground water and leachates, and ongoing environmental monitoring, site inspections and maintenance.

The liability recorded is \$112,964 (2009 - \$105,467) and represents the present value of closure and post-closure costs based on an annual interest rate of 3%. The liability is recorded based on the capacity of the landfill used to date. The total estimated expenditures for closure and post-closure costs are \$325,404, leaving an amount to be recognized of \$212,440.

The liability is expected to be funded through budget allocations over the remaining life of the landfill.

The estimated remaining capacity of the site is approximately 39,171 tonnes, which will be filled in 49 years. Post-closure care is estimated to continue for a period of 62 years.

**CORPORATION OF THE TOWNSHIP OF AMARANTH  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**10. TANGIBLE CAPITAL ASSETS**

|                            | <b>Net<br/>2010</b>  | <b>Net<br/>2009</b><br><small>(note 11)</small> |
|----------------------------|----------------------|---|
| General                    |                      |   |
| Land and land improvements | \$ 1,204,258         | \$ 1,229,414                                    |
| Buildings                  | 1,308,499            | 1,396,966                                       |
| Vehicles                   | 869,717              | 744,707   |
| Furniture and equipment    | 207,879              | 205,210   |
| Infrastructure             |                      |   |
| Roads                      | 6,024,633            | 6,116,541                                       |
| Bridges and infrastructure | <u>7,745,893</u>     | <u>7,868,429</u>                                |
|                            | <u>\$ 17,360,879</u> | <u>\$ 17,561,267</u>                            |

**11. PRIOR PERIOD RESTATEMENT**

The following adjustments have been made to the 2009 figures:

- (a) The landfill closure liability was reduced from \$189,442 to \$105,467. The net effect of this change is an increase in net financial assets and accumulated surplus of \$83,975.
- (b) Tangible capital assets were increased from \$17,481,815 to \$17,561,267. The net effect of this change is an increase in accumulated surplus of \$79,452.

As a result of these changes, the net financial assets of the township increased from (\$82,025) to \$1,950 and the accumulated surplus increased from \$18,858,047 to \$19,021,474.

**12. SEGMENTED INFORMATION**

The Corporation of the Township of Amaranth is a diversified municipal government institution that provides a wide range of services to its citizens, including Government and Administration services, Protective Services (i.e. building inspection, fire and emergency services, bylaw enforcement, animal control), Public Works (i.e. roadways, streetlighting, sidewalks, and municipal drinking water), Environmental Services (i.e. stormwater management and source water protection), Recreation and Parks, and Planning and Community Development Services. For management reporting purposes, the government's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments and their activities are reported in these funds.

**CORPORATION OF THE TOWNSHIP OF AMARANTH  
SCHEDULE OF SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

|                                 | General<br>Government | Protection<br>to Persons<br>and Property | Transportation<br>Services | Environmental<br>Services | Health<br>Services | Recreation<br>and Cultural<br>Services | Planning and<br>Development | 2010                | 2009<br>(note 11)   |
|---------------------------------|-----------------------|--|----------------------------|---------------------------|--------------------|--|-----------------------------|---------------------|---------------------|
| <b>EXPENSES</b>                 |                       |  |                            |                           |                    |  |                             |                     |                     |
| Salaries and benefits           | \$ 291,275            | \$ 58,863                                | \$ 496,826                 | \$ 24,606                 | \$ 360             | \$ 7,190                               | \$ 57,679                   | \$ 936,799          | \$ 904,473          |
| Materials                       | 51,488                | 23,824                                   | 438,146                    | 3,098                     | 0                  | 16,885                                 | 1,940                       | 535,381             | 604,847             |
| Contracted services             | 202,811               | 462,958                                  | 71,877                     | 183,914                   | 7,792              | 29,210                                 | 90,454                      | 1,049,016           | 1,046,187           |
| Rents and financial<br>expenses | 119,255               | 8,199                                    | 99,447                     | 36,293                    | 0                  | 5,347                                  | 3,340                       | 271,881             | 285,852             |
| Interest on long term<br>debt   | 0                     | 0  | 0                          | 5,398                     | 0                  | 0                                      | 0                           | 5,398               | 7,665               |
| Amortization                    | 47,332                | 34,692                                   | 734,141                    | 107,692                   | 0                  | 7,654                                  | 0                           | 931,511             | 916,672             |
| Other                           | <u>0</u>              | <u>38,483</u>                            | <u>0</u>                   | <u>7,497</u>              | <u>0</u>           | <u>280,754</u>                         | <u>0</u>                    | <u>326,734</u>      | <u>166,915</u>      |
|                                 | <u>\$ 712,161</u>     | <u>\$ 627,019</u>                        | <u>\$ 1,840,437</u>        | <u>\$ 368,498</u>         | <u>\$ 8,152</u>    | <u>\$ 347,040</u>                      | <u>\$ 153,413</u>           | <u>\$ 4,056,720</u> | <u>\$ 3,932,611</u> |

see accompanying notes

**CORPORATION OF THE TOWNSHIP OF AMARANTH  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

|  | Land and land<br>improvements | Buildings           | Vehicles          | Roads               | Furniture and<br>equipment | Bridges and<br>infrastructure | Assets under<br>construction | 2010                 | 2009<br>(note 11)    |
|--|-------------------------------|---------------------|-------------------|---------------------|----------------------------|-------------------------------|------------------------------|----------------------|----------------------|
| <b>COST</b>  |                               |                     |                   |                     |                            |                               |                              |                      |                      |
| Balance, beginning of year                               | \$ 1,866,946                  | \$ 2,397,176        | \$ 2,467,532      | \$ 11,272,541       | \$ 735,488                 | \$ 10,303,765                 | \$ 0                         | \$ 29,043,448        | \$ 28,387,635        |
| Additions during the year                                | 0                             | 37,394              | 218,794           | 408,123             | 61,644                     | 11,578                        | 0                            | 737,533              | 1,020,064            |
| Disposals during the year                                | 0                             | 0                   | 0                 | (148,389)           | (30,786)                   | (735)                         | 0                            | (179,910)            | (364,251)            |
| Other  | 0                             | 0                   | 0                 | 0                   | 0                          | 0                             | 0                            | 0                    | 0                    |
| Balance, end of year                                     | <u>1,866,946</u>              | <u>2,434,570</u>    | <u>2,686,326</u>  | <u>11,532,275</u>   | <u>766,346</u>             | <u>10,314,608</u>             | <u>0</u>                     | <u>29,601,071</u>    | <u>29,043,448</u>    |
| <b>ACCUMULATED AMORTIZATION</b>                          |                               |                     |                   |                     |                            |                               |                              |                      |                      |
| Balance, beginning of year                               | 637,533                       | 1,060,282           | 1,662,753         | 5,156,000           | 530,278                    | 2,435,335                     | 0                            | 11,482,181           | 10,927,313           |
| Amortization   | 25,155                        | 65,789              | 153,856           | 497,428             | 54,967                     | 134,316                       | 0                            | 931,511              | 916,672              |
| Accumulated amortization<br>on disposals                 | 0                             | 0                   | 0                 | (145,786)           | (26,778)                   | (936)                         | 0                            | (173,500)            | (361,804)            |
| Balance, end of year                                     | <u>662,688</u>                | <u>1,126,071</u>    | <u>1,816,609</u>  | <u>5,507,642</u>    | <u>558,467</u>             | <u>2,568,715</u>              | <u>0</u>                     | <u>12,240,192</u>    | <u>11,482,181</u>    |
| <b>NET BOOK VALUE OF<br/>TANGIBLE CAPITAL<br/>ASSETS</b> |                               |                     |                   |                     |                            |                               |                              |                      |                      |
|  | <u>\$ 1,204,258</u>           | <u>\$ 1,308,499</u> | <u>\$ 869,717</u> | <u>\$ 6,024,633</u> | <u>\$ 207,879</u>          | <u>\$ 7,745,893</u>           | <u>\$ 0</u>                  | <u>\$ 17,360,879</u> | <u>\$ 17,561,267</u> |

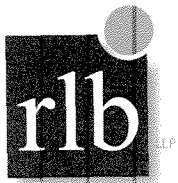
see accompanying notes

**CORPORATION OF THE TOWNSHIP OF AMARANTH  
SCHEDULE OF DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

|                                 | Dec.31,<br>2009<br>(note 11) | Contributions<br>Received | Investment<br>Income | Revenue<br>Recognized | Dec.31,<br>2010   |
|---------------------------------|------------------------------|---------------------------|----------------------|-----------------------|-------------------|
| <b>Obligatory Reserve Funds</b> |                              |                           |                      |                       |                   |
| Development charges             | \$ 334,018                   | \$ 73,088                 | \$ 4,853             | \$ (190,967)          | \$ 220,992        |
| Federal gas tax funding         | 1,079                        | 118,338                   | 77                   | (119,000)             | 494               |
| Lot levies                      | 4,715                        | 0                         | 7                    | 0                     | 4,722             |
| Recreational land               | <u>11,778</u>                | <u>3,000</u>              | <u>(61)</u>          | <u>(10,000)</u>       | <u>4,717</u>      |
|                                 | <u>\$ 351,590</u>            | <u>\$ 194,426</u>         | <u>\$ 4,876</u>      | <u>\$ (319,967)</u>   | <u>\$ 230,925</u> |

**CORPORATION OF THE TOWNSHIP OF AMARANTH  
SCHEDULE OF ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

|   | <b>2010</b>          | <b>2009</b>          |
|---|----------------------|----------------------|
|   |                      | (note 11)            |
| <b>SURPLUSES</b>                          |                      |                      |
| Invested in tangible capital assets       | \$ 17,360,879        | \$ 17,561,267        |
| Waterworks systems                        | 8,787                | 8,416                |
| Shelburne and District Fire Department    | 4,406                | 5,552                |
| Grand Valley and District Fire Department | (3,424)              | (473)                |
| General revenue fund                      | 1,090,286            | 1,257,848            |
| <b>Unfunded</b>                           |                      |                      |
| Landfill closure and post-closure costs   | <u>(112,964)</u>     | <u>(105,467)</u>     |
|   | <u>18,347,970</u>    | <u>18,727,143</u>    |
| <b>RESERVES</b>                           |                      |                      |
| <b>Working Capital Reserves</b>           |                      |                      |
| Working funds                             | 228,998              | 210,689              |
| <b>Capital Reserves</b>                   |                      |                      |
| Capital purposes                          | <u>180,822</u>       | <u>28,619</u>        |
|   | <u>409,820</u>       | <u>239,308</u>       |
| <b>RESERVE FUNDS</b>                      |                      |                      |
| Capital purposes                          | <u>91,353</u>        | <u>55,023</u>        |
|   | <u>\$ 18,849,143</u> | <u>\$ 19,021,474</u> |



Chartered Accountants  
and Business Advisors

People Count.

## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Amaranth

### Report on the Financial Statements

We have audited the accompanying financial statements of the trust funds of the Corporation of the Township of Amaranth, which comprise the statement of financial position as at December 31, 2010 and 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 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 auditors consider 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

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

A handwritten signature in black ink, appearing to read 'R. G. 4P', located in the bottom right area of the page.

Fergus, Ontario  
June 15, 2011

Chartered Accountants  
Licensed Public Accountants

**CORPORATION OF THE TOWNSHIP OF AMARANTH  
TRUST FUNDS  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2010**

|              | <b>A S S E T S</b>             | <b>2010</b>      | <b>2009</b>      |
|--------------|--------------------------------|------------------|------------------|
| Cash         |                                | \$ <u>11,625</u> | \$ <u>10,209</u> |
|              | <b>F U N D   B A L A N C E</b> |                  |                  |
| Fund balance |                                | \$ <u>11,625</u> | \$ <u>10,209</u> |

**CORPORATION OF THE TOWNSHIP OF AMARANTH  
TRUST FUNDS  
STATEMENT OF CONTINUITY  
FOR THE YEAR ENDED DECEMBER 31, 2010**

|                                   | <b>2010</b>      | <b>2009</b>      |
|-----------------------------------|------------------|------------------|
| <b>BALANCE, beginning of year</b> | \$ 10,209        | \$ 9,663         |
| Plot sales                        | 1,200            | 420              |
| Interest earned                   | 16               | 21               |
| Care and maintenance fees         | <u>200</u>       | <u>105</u>       |
| <b>BALANCE, end of year</b>       | <u>\$ 11,625</u> | <u>\$ 10,209</u> |

**CORPORATION OF THE TOWNSHIP OF AMARANTH - TRUST FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the trust funds of the Corporation of the Township of Amaranth are the representation of management prepared in accordance with Canadian generally accepted accounting principles. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) **BASIS OF ACCOUNTING**

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest on long term liabilities which are charged against operations in the periods in which they are paid. The principal and interest charges are not accrued for the periods from the dates of the latest instalment payments to the end of the financial year.
- (ii) 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.