

**The Corporation of the  
Municipality of West Grey  
Financial Statements  
For the year ended December 31, 2010**

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Municipality of West Grey  
Financial Statements**  
For the year ended December 31, 2010

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### **Basis for Qualified Opinion**

For the year ended December 31, 2009, the municipality was required to adopt the accounting standards for tangible capital assets, section 3150 of the Public Sector Accounting Handbook. This information is not available for Saugeen Municipal Airport or the Elmwood Community Centre. Accordingly, the municipality's proportionate share of the tangible capital assets of these organizations have not been reported in the consolidated financial statements, and we were not able to determine what adjustments would be necessary to the carrying value of tangible capital assets, amortization expense, annual surplus, and accumulated surplus for the years ended December 31, 2009 and December 31, 2010.

### **Qualified Opinion**

In our opinion, except for the effect of the adjustments that would be necessary to tangible capital assets, amortization expense, annual surplus, and accumulated surplus as described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Corporation of the Municipality of West Grey as at December 31, 2010 and the results of its operations, its change in net debt, and its 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  
August 17, 2011

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## The Corporation of the Municipality of West Grey Consolidated Statement of Operations

<b>For the year ended December 31</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenue</b>			
Taxation	\$ 6,076,833	\$ 6,165,576	\$ 6,048,691
Government contributions (Note 13)	4,668,904	3,869,031	5,763,805
Water and wastewater charges	963,810	957,852	964,334
User fees and service charges	1,200,452	1,207,906	1,275,606
Investment income	12,820	16,534	21,302
Other income (Note 14)	1,701,337	1,644,634	661,914
Obligatory reserve fund revenue recognized	-	94,322	67,415
	<b>14,624,156</b>	<b>13,955,855</b>	<b>14,803,067</b>
<b>Expenses</b>			
General government	1,120,672	1,171,285	1,044,783
Protection services	4,141,576	4,402,120	3,717,589
Transportation services	4,666,192	4,613,073	4,792,427
Environmental services	1,787,062	1,793,290	1,750,980
Health and social services	46,061	47,261	38,646
Recreation and cultural services	1,299,718	1,321,750	1,169,429
Planning and development	143,019	128,863	238,328
	<b>13,204,300</b>	<b>13,477,642</b>	<b>12,752,182</b>
<b>Annual surplus</b>	<b>1,419,856</b>	<b>478,213</b>	<b>2,050,885</b>
<b>Accumulated surplus, beginning of the year</b>	<b>76,221,176</b>	<b>76,221,176</b>	<b>74,149,064</b>
Opening accumulated surplus assumed on consolidation of Saugeen Mobility and Regional Transit	-	-	21,227
<b>Accumulated surplus, beginning of the year as restated</b>	<b>76,221,176</b>	<b>76,221,176</b>	<b>74,170,291</b>
<b>Accumulated surplus, end of the year</b>	<b>\$ 77,641,032</b>	<b>\$ 76,699,389</b>	<b>\$ 76,221,176</b>

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

## The Corporation of the Municipality of West Grey Consolidated Statement of Cash Flow

For the year ended December 31	2010	2009
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus	\$ 478,213	\$ 2,050,885
Items not involving cash		
Amortization of tangible capital assets	2,480,885	2,393,228
Employee future benefits	27,370	(317,774)
Landfill site closure and post-closure care	4,783	63,067
Gain/loss on disposal of tangible capital assets	69,355	55,111
	<u>3,060,606</u>	<u>4,244,517</u>
Change in balances		
Taxes receivable	(122,076)	162
Accounts receivable	623,134	359,577
Accounts payable	(618,435)	189,460
Deferred revenue	(432,388)	(1,158,973)
Non-financial assets	(13,444)	(13,548)
	<u>2,497,397</u>	<u>3,621,195</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(3,583,466)	(3,727,864)
Proceeds on disposal of tangible capital assets	28,474	396,571
	<u>(3,554,992)</u>	<u>(3,331,293)</u>
<b>Financing activities</b>		
Additions to long-term liabilities	-	44,435
Repayment of long-term liabilities	(249,080)	(264,760)
	<u>(249,080)</u>	<u>(220,325)</u>
<b>Net change in cash and cash equivalents</b>	<b>(1,306,675)</b>	<b>69,577</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,745,433</b>	<b>2,675,856</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,438,758</b>	<b>\$ 2,745,433</b>
<b>Comprised of:</b>		
Cash	\$ 1,092,525	\$ 2,539,411
Temporary investments	346,233	206,022
	<u>\$ 1,438,758</u>	<u>\$ 2,745,433</u>

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

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# The Corporation of the Municipality of West Grey

## Summary of Significant Accounting Policies

December 31, 2010

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<b>Use of Estimates</b>	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.
<b>Revenue Recognition</b>	Tax levies are recognized as revenue when the amounts are levied on the municipality's ratepayers. User fees and other revenues are recognized as goods are delivered or services are rendered, providing the amount is fixed or determinable, and collectibility is reasonably assured.
<b>Deferred Revenue</b>	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 in the year in which it is used for the specified purpose.
<b>Government Transfers</b>	Government transfers are recognized in the financial statements as revenues or expenses in the period that the events giving rise to the transfer occur; providing that the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.
<b>Temporary Investments</b>	Temporary investments are recorded at the lower of cost and market value.
<b>Inventory</b>	<p>Inventory of goods held for resale are recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.</p> <p>Assets held for sale, where it is not anticipated that the sale will be completed within one year, are reported as a non-financial asset.</p> <p>Inventory of goods held for consumption are recorded as a non-financial asset at the lower of cost and replacement cost.</p>

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# The Corporation of the Municipality of West Grey

## Summary of Significant Accounting Policies

**December 31, 2010**

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### **Employee Future Benefits**

The municipality provides post-employment health and dental insurance benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and is expensed as services are rendered. Adjustments arising from changes in estimates and experience gains and losses are reflected in current fund expenditures.

Defined contribution plan accounting is applied to the municipality's multi-employer defined benefit pension plan.

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, bank balances, and investments with maturities of three months or less.

### **County and School Board**

The municipality collects taxation revenue on behalf of the school boards and the County of Grey. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Grey 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 position and activity of the trust funds are reported separately on the trust fund balance sheet and statement of continuity.

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**The Corporation of the Municipality of West Grey  
Notes to Financial Statements**

**December 31, 2010**

**5. Deferred Revenue**

	Contributions Opening	Investment Received	Revenue Income	Recognized	Ending
<b>Obligatory Reserve Funds</b>					
Development charges	\$ 228,480	\$ 93,500	\$ 1,940	\$ (84,590)	\$ 239,330
Recreational land	28,758	8,475	217	-	37,450
Subdivider contributions	66,953	2,403	447	(9,732)	60,071
	324,191	104,378	2,604	(94,322)	336,851
<b>Other</b>					
Deposits	9,450	3,200	-	(3,200)	9,450
Insurance proceeds	254,203	-	-	(254,203)	-
Gas tax grant	162,757	374,020	1,002	(171,964)	365,815
Investing in Ontario grant	197,312	-	-	(190,000)	7,312
Roads and bridges grant	241,002	-	-	(203,903)	37,099
	\$ 1,188,915	\$ 481,598	\$ 3,606	\$ (917,592)	\$ 756,527

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# The Corporation of the Municipality of West Grey

## Notes to Financial Statements

**December 31, 2010**

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### **7. Landfill Site Closure and Post-Closure Care Liability**

Landfill 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 recorded is \$716,272 (2009 - \$711,489) and represents the present value of closure and post-closure costs for three active sites and two closed site, using the municipality's average long-term borrowing rate of 5.25% adjusted for inflation. The liability is recorded based on the capacity of the landfills used to date. The total estimated future expenditures for closure and post-closure care are \$876,985 leaving an amount to be recognized of \$160,713.

The liability is currently partially funded in the amount of \$195,938 (2009 - \$207,826) through a reserve. The additional liability is expected to be funded in the year the costs arise through budget allocations to the landfill reserve.

The estimated remaining capacity of the three sites is approximately 246,267 (2009 - 258,512) cubic meters. The sites have remaining life of 6 to 22 years. Post-closure care is estimated to continue for a period of 25 years.

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### **8. Employee Future Benefits Liability**

#### **Pension Plan**

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 50 (2009 - 52) members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefits to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. Depending on retirement age, the contribution rates for 2010 were 6.4% or 7.9% (2009 - 6.3% or 7.7%) on earnings up to the CPP earnings limit, and 9.7% or 13.1% (2009 - 9.5% or 12.8%) thereafter. The amount contributed to OMERS by the municipality for 2010 was \$227,348 (2009 - \$231,208).

OMERS is a multi-employer plan, therefore, any pension plan surplus or deficit is the joint responsibility of the Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was as at December 31, 2010. At that time, the plan reported an actuarial deficit of \$4.5 billion (2009 - deficit of \$1.5 billion), based on an accrued benefit obligation of \$60 billion (2009 - \$54.3 billion) and actuarial assets of \$55.6 billion (2009 - \$52.7 billion). Effective 2010, contribution rates for employees and employers have been increased to address the funding deficit.

**The Corporation of the Municipality of West Grey  
Notes to Financial Statements**

**December 31, 2010**

**9. Tangible Capital Assets**

For the year ended December 31, 2010

	Land and Land Improvements	Buildings	Equipment	Vehicles	Infrastructure	Construction in progress	2010 Total
Cost, beginning of year	\$ 4,857,710	\$ 10,196,788	\$ 5,949,969	\$ 6,234,387	\$ 87,431,726	\$ 227,353	\$114,897,933
Additions	637,741	1,203,344	618,500	411,959	896,879	(184,957)	3,583,466
Disposals	(6,289)	(15,143)	(161,069)	(325,140)	(106,802)	-	(614,443)
Cost, end of year	5,489,162	11,384,989	6,407,400	6,321,206	88,221,803	42,396	117,866,956
Accumulated amortization, beginning of year	536,371	4,393,880	2,920,747	3,368,643	27,100,384	-	38,320,025
Amortization	47,679	224,693	275,764	300,369	1,632,381	-	2,480,886
Disposals	-	(15,143)	(150,562)	(308,061)	(42,848)	-	(516,614)
Accumulated amortization, end of year	584,050	4,603,430	3,045,949	3,360,951	28,689,917	-	40,284,297
Net carrying amount, end of year	\$ 4,905,112	\$ 6,781,559	\$ 3,361,451	\$ 2,960,255	\$ 59,531,886	\$ 42,396	\$ 77,582,659

## The Corporation of the Municipality of West Grey Notes to Financial Statements

**December 31, 2010**

### 9. Tangible Capital Assets (continued)

On January 1, 2009 the municipality implemented the reporting of its tangible capital assets on the statement of financial position. These assets were recorded at historical cost when historical cost information was available, and at estimated historical cost when the actual historical cost information was not available.

Expenses reported on the consolidated statement of operations include the loss on disposal of assets during the year of \$69,355 (2009 - \$55,111).

The carrying value of tangible capital assets not being amortized because they are under construction, development, or have been removed from service is \$42,396 (2009 - \$227,353).

### 10. Accumulated Surplus

The accumulated surplus reported on the consolidated statement of financial position is comprised of the following:

	2010	2009
General surplus	\$ 354,017	\$ 537,070
Capital amounts to be spent (financed)	(951,213)	(366,400)
Amounts invested in tangible capital assets	77,582,659	76,577,908
Reserves and reserve funds set aside for specific purpose by council (Note 11)	3,064,029	2,994,909
Amounts to be recovered (Note 12)	(3,350,103)	(3,522,311)
	<b>\$76,699,389</b>	<b>\$ 76,221,176</b>

The general surplus is comprised of the following:

General area taxation	\$ 328,150	\$ 595,920
Waterworks system	316,980	250,045
Wastewater system	(324,597)	(335,463)
Public Library Board	2,849	-
Cemeteries	24,599	24,637
Dornoch Community Centre	205	205
Business Improvement Area	11,469	7,277
Joint local boards	(5,916)	(5,914)
Saugeen Mobility and Regional Transit	278	363
	<b>\$ 354,017</b>	<b>\$ 537,070</b>

**The Corporation of the Municipality of West Grey  
Notes to Financial Statements**

**December 31, 2010**

**12. Amounts to be recovered**

The balance of the amounts to be recovered is comprised of the following:

	2010	2009
Long-term debt	\$ 2,282,131	\$ 2,486,492
Employee future benefits liability	351,700	324,330
Landfill closure and post-closure care liability	716,272	711,489
	<b>\$ 3,350,103</b>	<b>\$ 3,522,311</b>

The net change during the year in the amounts to be recovered is made up of the following:

	2010	2009
New debt issued	\$ -	\$ 44,435
Principal payments on long-term debt	(204,361)	(227,505)
Increase in employee future benefits liability	27,370	(317,774)
Change in Solid Waste Closure and Post Closure Liability	4,783	63,067
Decrease in amounts to be recovered during the year	<b>\$ (172,208)</b>	<b>\$ (437,777)</b>

## The Corporation of the Municipality of West Grey Notes to Financial Statements

**December 31, 2010**

### 14. Other Income

	2010	2010	2009
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 243,000	\$ 300,145	\$ 289,915
Donations and prepaid special charges	1,397,460	774,620	270,135
Rents	42,457	41,354	45,461
ODRAP funding	-	482,864	-
Other	18,420	45,651	56,403
	<u>\$ 1,701,337</u>	<u>\$ 1,644,634</u>	<u>\$ 661,914</u>

### 15. Segmented Information

The Municipality of West Grey 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, parking areas and streetlighting. Transportation also includes the provision of air transportation through the Saugeen Municipal Airport.

# The Corporation of the Municipality of West Grey Notes to Financial Statements

**December 31, 2010**

**15. Segmented Information (continued)**

For the year ended December 31	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2010 Total
Revenue	\$ 246,623	\$ 2,589,542	\$ 2,836,165	\$ -	\$ 246,623	\$ -	\$ 184,967	\$ 61,656	\$ 6,165,576
Taxation									
Fees and user charges	29,224	296,191	67,546	958,767	261,888	40,436	456,043	55,663	2,165,758
Specific grants	-	347,621	551,937	32,992	98,257	-	379,373	7,350	1,417,530
OMPF grant	98,060	1,029,630	1,127,690	-	98,060	-	73,545	24,515	2,451,500
Other revenue	800,952	237,332	144,906	348,332	-	11,350	201,640	10,979	1,755,491
	<u>1,174,859</u>	<u>4,500,316</u>	<u>4,728,244</u>	<u>1,340,091</u>	<u>704,828</u>	<u>51,786</u>	<u>1,295,568</u>	<u>160,163</u>	<u>13,955,855</u>
Expenses									
Salaries and benefits	679,519	2,584,890	1,095,164	26,820	83,985	2,725	493,965	31,261	4,998,329
Interest on debt	-	13,494	83	107,011	-	54	307	17,851	138,800
Materials and supplies	413,205	1,149,002	1,758,854	243,367	110,880	15,887	588,227	69,301	4,348,723
Contracted services	5,058	175,577	9,284	363,963	471,241	22,658	33,512	10,450	1,091,743
Other transfers	12,000	249,628	20,523	-	-	-	29,950	-	312,101
Rents and financial expenses	23,442	9,455	-	-	-	4,808	-	-	37,705
Amortization and Loss on Disposal	38,061	220,074	1,729,166	378,827	7,196	1,128	175,789	-	2,550,241
	<u>1,171,285</u>	<u>4,402,120</u>	<u>4,613,074</u>	<u>1,119,988</u>	<u>673,302</u>	<u>47,260</u>	<u>1,321,750</u>	<u>128,863</u>	<u>13,477,642</u>
Annual surplus	\$ 3,574	\$ 98,196	\$ 115,170	\$ 220,103	\$ 31,526	\$ 4,526	\$ (26,182)	\$ 31,300	\$ 478,213

## The Corporation of the Municipality of West Grey Notes to Financial Statements

**December 31, 2010**

### 16. Government Partnerships

The following summarizes the financial position and operations of the municipal joint boards. The Municipality of West Grey's pro-rata share of these amounts have been reported in the financial statements using the proportionate consolidation method:

	<b>Elmwood Fire Department 59%</b>	<b>S.M.A.R.T.  9.9%</b>
<b>Financial Assets</b>		
Cash and temporary investments	\$ 115,363	\$ 4,097
Accounts receivable	2,100	136,210
Other financial assets	29,620	-
	147,083	140,307
<b>Liabilities</b>		
Accounts payable	2,614	124,038
Other liabilities	8,572	34,000
	11,186	158,038
<b>Net financial assets (net debt)</b>	135,897	(17,731)
<b>Non-financial assets</b>	446,763	283,779
<b>Accumulated Surplus</b>	\$ 582,660	\$ 266,048
<b>Accumulated Surplus</b>		
General surplus	\$ (8,572)	\$ 2,812
Invested in tangible capital assets	446,763	263,236
Reserves and reserve funds	144,469	-
	\$ 582,660	\$ 266,048
<b>Revenues</b>	\$ 216,812	\$ 676,094
<b>Expenses</b>	(192,216)	(620,293)
<b>Annual surplus (deficit)</b>	\$ 24,596	\$ 55,801

## The Corporation of the Municipality of West Grey Notes to Financial Statements

**December 31, 2010**

### 17. Budget Amounts

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the consolidated statements of operations and change in net debt for comparative purposes. The budget amounts for The Corporation of the Municipality of West Grey are as approved by council and have been restated to conform to the basis of presentation of the revenues and expenses on the consolidated statements of operations and change in net debt. The budget figures have not been audited.

The following is a reconciliation of the budget approved by council:

	2010 Budget	2010 Actual	2009 Actual
Annual surplus	\$ 1,419,856	\$ 478,213	\$ 2,050,885
Acquisition of tangible capital assets	(4,331,428)	(3,583,464)	(3,727,864)
Proceeds on disposal of tangible capital assets	-	28,474	396,571
Amortization	2,480,885	2,480,885	2,393,228
Gain/loss on disposal of tangible of tangible capital assets	-	69,355	55,111
Proceeds from issue of long-term debt	300,000	-	44,435
Debt principal repayments	(177,282)	(204,361)	(227,505)
	(307,969)	(730,898)	984,861
Transfers from (to) reserves for operations	1,195	(39,561)	(311,333)
Transfers from (to) reserves for capital	220,867	(27,728)	19,094
Change in unfunded liabilities	-	32,152	(254,707)
Change in opening balances	-	-	(16,571)
Reserve funds annual surplus	-	(1,831)	(2,074)
Capital projects not funded (expended)	(273,413)	584,813	(52,677)
	(359,320)	(183,053)	366,593
General surplus, beginning of year	537,070	537,070	170,477
	<u>\$ 177,750</u>	<u>\$ 354,017</u>	<u>\$ 537,070</u>

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## The Corporation of the Municipality of West Grey Notes to Financial Statements

**December 31, 2010**

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### 21. Contingencies

- a) A number of appeals of the current value assessment of properties in the municipality are currently in process. The impact on taxation revenue as a result of settlement of these appeals is not determinable at this time. The effect on taxation of the settlement of these appeals will be recorded in the fiscal year in which they can be determined.
  - b) The municipality has entered into an employment contract with certain municipal employees that requires a monthly payment of 100% of the employee's disposable after tax income less payments received from WSIB and Canada Pension Plan to the family of the employee if the employee is killed or dies as a direct result of injuries received in the performance of their duties. The municipality has an insurance policy to minimize the cost to the municipality.
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**The Corporation of the  
Municipality of West Grey  
Trust Funds  
Financial Statements  
For the year ended December 31, 2010**



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## Independent Auditor's Report

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### To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of West Grey

We have audited the accompanying financial statements of the Trust Funds of The Corporation of the Municipality of West Grey, which comprise the balance sheet as at December 31, 2010, and the statement of continuity, 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

**The Corporation of the Municipality of West Grey  
Trust Funds  
Balance Sheet**

**December 31, 2010**

<b>Assets</b>	<b>Cemetery Pre-Need Assurance Fund</b>	<b>Cemetery Care and Maintenance Fund</b>	<b>Ontario Home Renewal Program</b>	<b>Total</b>
Cash	\$ 4,827	\$ 119,425	\$ 1,007	\$ 125,259
Investment and accrued interest	-	80,036	-	80,036
Loans receivable	-	-	2,269	2,269
Due from general account	-	5,292	-	5,292
	<b>\$ 4,827</b>	<b>\$ 204,753</b>	<b>\$ 3,276</b>	<b>\$ 212,856</b>
<b>Liabilities and Fund Balances</b>				
Due to general account	\$ -	\$ -	\$ 57	\$ 57
Fund balance	4,827	204,753	3,219	212,799
	<b>\$ 4,827</b>	<b>\$ 204,753</b>	<b>\$ 3,276</b>	<b>\$ 212,856</b>

**Statement of Continuity**

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

	<b>Cemetery Pre-Need Assurance Fund</b>	<b>Cemetery Care and Maintenance Fund</b>	<b>Ontario Home Renewal Program</b>	<b>Total</b>
<b>Balance, beginning of the year</b>	<b>\$ 4,784</b>	<b>\$ 197,329</b>	<b>\$ 4,617</b>	<b>\$ 206,730</b>
<b>Receipts</b>				
Loan interest	-	-	84	84
Bank interest	43	5,266	-	5,309
Care and maintenance	-	7,424	-	7,424
	<b>43</b>	<b>12,690</b>	<b>84</b>	<b>12,817</b>
<b>Expenses</b>				
Administration fees	-	-	57	57
Transfer to Province of Ontario	-	-	1,425	1,425
Transfer to municipality	-	5,266	-	5,266
	<b>-</b>	<b>5,266</b>	<b>1,482</b>	<b>6,748</b>
<b>Balance, end of the year</b>	<b>\$ 4,827</b>	<b>\$ 204,753</b>	<b>\$ 3,219</b>	<b>\$ 212,799</b>

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

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**The Corporation of the Municipality of West Grey  
Trust Funds  
Notes to Financial Statements**

**December 31, 2010**

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**3. Ontario Home Renewal Program**

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans were limited to \$7,500, of which the maximum forgivable portion was \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2010 comprise repayable loans of \$1,648 and forgivable loans of \$621. Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continuous ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balance of the repayable loan and the unearned forgivable loan immediately becomes due and payable by the homeowner.

As of July 16, 1993 the Ontario Home Renewal Program was discontinued and municipalities were prohibited from issuing further loans as of that date. All OHRP funds held in municipal trust accounts as of December 31, 1993 were remitted to the Province by March 1, 1994. Any loans receivable under the program which are collected subsequent to December 31, 1993 were remitted to the Province by March 1st of the following year. However, municipalities will be provided an administration fee of five per cent of the balances collected after December 31, 1993 and are permitted to retain the interest earned on unremitted OHRP trust account balances.

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**The Corporation of the  
Municipality of West Grey  
Public Library Board  
Financial Statements  
For the year ended December 31, 2010**

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## Independent Auditor's Report

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**To the Members of Council,  
Inhabitants and Ratepayers of  
The Corporation of the Municipality of West Grey**

We have audited the accompanying financial statements of The Corporation of the Municipality of West Grey Public Library Board, which comprise the statement of financial position as at December 31, 2010 and the statements of operations, change in net debt and cash flow 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

**The Corporation of the Municipality of West Grey  
Public Library Board  
Statement of Financial Position**

<b>December 31</b>	<b>2010</b>	<b>2009</b>
<b>Financial assets</b>		
Cash	\$ 27,389	\$ 24,829
Accounts receivable	13,530	7,139
Due from Municipality of West Grey	27,465	42,806
	<u>68,384</u>	<u>74,774</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<u>18,068</u>	13,640
<b>Net financial assets</b>	<b>50,316</b>	<b>61,134</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 1)	<u>170,203</u>	151,038
<b>Accumulated surplus (Note 3)</b>	<b>\$ 220,519</b>	<b>\$ 212,172</b>

**The Corporation of the Municipality of West Grey  
Public Library Board  
Statement of Change in Net Debt**

<b>For the year ended December 31</b>	<b>2010 Budget</b>	<b>2010 Actual</b>	<b>2009 Actual</b>
<b>Annual surplus (deficit)</b>	\$ 2,864	\$ 8,347	\$ 19,063
Acquisition of tangible capital assets	(57,254)	(39,625)	(40,293)
Amortization	20,460	20,460	18,993
	<u>(36,794)</u>	<u>(19,165)</u>	<u>(21,300)</u>
<b>Change in net financial assets</b>	(33,930)	(10,818)	(2,237)
<b>Net financial assets, beginning of year</b>	<u>61,134</u>	<u>61,134</u>	<u>63,371</u>
<b>Net financial assets, end of year</b>	<u>\$ 27,204</u>	<u>\$ 50,316</u>	<u>\$ 61,134</u>

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**The Corporation of the Municipality of West Grey  
Public Library Board  
Summary of Significant Accounting Policies**

**December 31, 2010**

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<b>Management Responsibility</b>	The financial statements of the Corporation of the Municipality of West Grey Public Library Board are the representations of management. They have been prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing.
<b>Basis of Accounting</b>	These financial statements are prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.
<b>Use of Estimates</b>	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.
<b>Revenue Recognition</b>	User fee revenue is recognized when earned, as services are rendered to customers, providing the amount is fixed or determinable, and collectibility is reasonably assured.
<b>Government Transfers</b>	Government transfers are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occur; providing that the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.
<b>Non-Financial Assets</b>	Tangible capital and other non-financial assets are accounted for as assets by the organization because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the organization unless they are sold.

**The Corporation of the Municipality of West Grey  
Public Library Board  
Notes to Financial Statements**

**December 31, 2010**

**1. Tangible Capital Assets**

	2010		2009	
	Furniture, fixtures and computer	Total	Furniture, fixtures and computer	Total
Cost, beginning of year	\$ 264,128	\$ 264,128	\$ 244,141	\$ 244,141
Additions	39,625	39,625	40,293	40,293
Disposals	(27,182)	(27,182)	(20,306)	(20,306)
Cost, end of year	276,571	276,571	264,128	264,128
Accumulated amortization, beginning of year	113,090	113,090	114,403	114,403
Amortization	20,460	20,460	18,993	18,993
Disposals	(27,182)	(27,182)	(20,306)	(20,306)
Accumulated amortization, end of year	106,368	106,368	113,090	113,090
Net carrying amount, end of year	\$ 170,203	\$ 170,203	\$ 151,038	\$ 151,038

**The Corporation of the Municipality of West Grey  
Public Library Board  
Notes to Financial Statements**

**December 31, 2010**

**4. Budget Amounts**

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the statement of financial activities for comparative purposes. The budget amounts for The Corporation of the Municipality of West Grey Public Library Board are as approved by council and have been restated to conform to the basis of presentation of the revenues and expenditures on the statement of financial activities. The budget figures have not been audited.

The following is a reconciliation of the budget approved by Council:

	2010 Budget	2010 Actual	2009 Actual
Annual surplus (deficit)	\$ 2,864	\$ 8,347	\$ 19,063
Capital acquisitions, disposals and write-down	(57,254)	(39,625)	(40,293)
Amortization	20,460	20,460	18,993
Transfers to reserves	-	-	(13,700)
Transfers from reserves for operations	19,930	4,000	2,105
Transfers from reserves for capital	14,000	9,668	16,254
	-	2,850	2,422
General surplus (deficit), beginning of year	-	-	(2,422)
	\$ -	\$ 2,850	\$ -



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## Independent Auditor's Report

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**To the Members of Council, Inhabitants and Ratepayers  
of The Corporation of the Municipality of Brockton and  
The Corporation of the Municipality of West Grey**

We have audited the accompanying financial statements of the Elmwood Fire Department, which comprise the statement of financial position as at December 31, 2010, and the statements of operations, change in net debt and cash flow 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

## Elmwood Fire Department Statement of Financial Position

December 31	2010	2009
<b>Assets and Liabilities</b>		
<b>Financial assets</b>		
Cash	\$ 115,363	\$ 60,581
Accounts receivable	2,100	28,736
Due from West Grey	29,620	20,176
	<b>147,083</b>	<b>109,493</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,614	2,106
Capital lease (Note 2)	8,572	11,674
	<b>11,186</b>	<b>13,780</b>
<b>Net financial assets</b>	<b>135,897</b>	<b>95,713</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 1)	446,763	462,351
	<b>446,763</b>	<b>462,351</b>
<b>Accumulated surplus (Note 4)</b>	<b>\$ 582,660</b>	<b>\$ 558,064</b>

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

## Elmwood Fire Department Statement of Change in Net Debt

<u>For the year ended December 31</u>	Budget 2010	Actual 2010	Actual 2009
Annual surplus	\$ (7,666)	\$ 24,596	\$ 49,911
Acquisition of tangible capital assets	(22,400)	(24,726)	(23,565)
Amortization expense	40,314	40,314	38,461
	<u>17,914</u>	<u>15,588</u>	<u>14,896</u>
Change in net financial assets	10,248	40,184	64,807
Net financial assets, beginning of year	<u>95,713</u>	<u>95,713</u>	<u>30,906</u>
<u>Net financial assets, end of year</u>	<u>\$ 105,961</u>	<u>\$ 135,897</u>	<u>\$ 95,713</u>

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

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## Elmwood Fire Department Summary of Significant Accounting Policies

**December 31, 2010**

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<b>Management Responsibility</b>	The financial statements of the Elmwood Fire Department 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 Ministry of Municipal Affairs and Housing.				
<b>Use of Estimates</b>	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. Actual results could differ from management's best estimates as additional information becomes available in the future.				
<b>Basis of Consolidation</b>	The Elmwood Fire Department has been proportionately consolidated with the financial statements of the Municipality of Brockton and the Municipality of West Grey as follows: <table style="margin-left: 40px;"><tr><td>Municipality of Brockton</td><td style="text-align: right;">40.76%</td></tr><tr><td>Municipality of West Grey</td><td style="text-align: right;">59.24%</td></tr></table>	Municipality of Brockton	40.76%	Municipality of West Grey	59.24%
Municipality of Brockton	40.76%				
Municipality of West Grey	59.24%				
<b>Basis of Accounting</b>	These financial statements are prepared using 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.				
<b>Revenue Recognition</b>	User fee revenue is recognized when earned, as services are rendered to customers, providing the amount is fixed or determinable, and collectibility is reasonably assured.				
<b>Government Transfers</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 by the recipient and reasonable estimates of the amounts can be made.				

**Elmwood Fire Department  
Notes to Financial Statements**

**December 31, 2010**

**1. Tangible Capital Assets**

	2010				2009			
	Land and buildings	Machinery and equipment	Vehicles	Total	Land and buildings	Machinery and equipment	Vehicles	Total
Cost, beginning of year	\$ 195,582	\$ 126,554	\$ 560,426	\$ 882,562	\$ 195,582	\$ 102,990	\$ 560,426	\$ 858,998
Additions		24,726	-	24,726	-	23,564	-	23,564
Cost, end of year	195,582	151,280	560,426	907,288	195,582	126,554	560,426	882,562
Accumulated amortization, beginning of year	99,318	60,289	260,604	420,211	95,092	50,460	236,199	381,751
Amortization	4,226	11,683	24,405	40,314	4,226	9,829	24,405	38,460
Accumulated amortization, end of year	103,544	71,972	285,009	460,525	99,318	60,289	260,604	420,211
Net carrying amount, end of year	\$ 92,038	\$ 79,308	\$ 275,417	\$ 446,763	\$ 96,264	\$ 66,265	\$ 299,822	\$ 462,351

## Elmwood Fire Department Notes to Financial Statements

**December 31, 2010**

### 5. Budget Amounts

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the statement of financial activities for comparative purposes. The budget amounts for The Elmwood Fire Department are as approved by council and have been restated to conform to the basis of presentation of the revenues and expenditures on the statement of financial activities. The budget figures have not been audited.

The following is a reconciliation of the budget approved by Council:

	2010 Budget	2010 Actual	2009 Actual
Annual surplus (deficit)	\$ (7,666)	\$ 24,596	\$ 49,911
Annual surplus pertaining to reserve funds	-	(728)	(194)
Amortization	40,314	40,314	38,461
Acquisition of tangible capital assets	(22,400)	(24,726)	(23,565)
Change in unfunded liabilities	(3,000)	(3,102)	(2,806)
	7,248	36,354	61,807
General surplus, beginning of year	-	-	-
Surplus before transfers to reserves	7,248	36,354	61,807
Transfers to reserve per resolution	(7,248)	(36,354)	(61,807)
	\$ -	\$ -	\$ -