

**The Corporation of the
Municipality of West Perth
Consolidated Financial Statements
For the year ended December 31, 2009**

The Corporation of the Municipality of
West Perth
Consolidated Financial Statements
For the year ended December 31, 2009

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Auditors' Report

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

We have audited the consolidated statement of financial position of the The Corporation of the Municipality of West Perth as at December 31, 2009 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation of the Municipality of West Perth's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the The Corporation of the Municipality of West Perth as at December 31, 2009 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licenced Public Accountants

Stratford, Ontario
January 31, 2011

**The Corporation of the Municipality of West Perth
Consolidated Statement of Financial Position**

December 31	2009	2008
		Restated (see Note 1)
Financial assets		
Cash and cash equivalents	\$ 7,607,519	\$ 7,087,143
Taxes receivable	818,830	578,984
Trade and other receivable	1,877,606	2,146,151
Drains receivable	557,170	618,207
Inventories for resale	8,616	8,466
Long-term investments (Note 3)	4,260,920	4,130,816
Investment in Government Business Enterprise (Note 2(c))	<u>2,948,020</u>	<u>2,993,951</u>
	<u>18,078,681</u>	<u>17,563,718</u>
Liabilities		
Accounts payable and accrued liabilities	2,791,492	1,882,279
Deferred revenue (Note 5)	507,031	594,988
Net long-term debt (Note 7)	3,030,099	3,294,495
Solid waste closure and post-closure liabilities (Note 6)	<u>1,896,533</u>	<u>1,755,224</u>
	<u>8,225,155</u>	<u>7,526,986</u>
Net financial assets	<u>9,853,526</u>	<u>10,036,732</u>
Non-financial assets		
Tangible capital assets (Note 8)	79,101,934	75,670,955
Prepaid expenses and inventories of supplies	<u>18,444</u>	<u>16,100</u>
	<u>79,120,378</u>	<u>75,687,055</u>
Accumulated surplus (Note 9)	<u>\$ 88,973,904</u>	<u>\$ 85,723,787</u>

_____ Treasurer

_____ Mayor

The Corporation of the Municipality of West Perth
Consolidated Statement of Operations

For the year ended December 31	Budget 2009	2009	2008
	(Note 16)		Restated (see Note 1)
Revenue			
Taxation	\$ 4,524,504	\$ 4,597,899	\$ 4,379,031
Government grants - Federal (Note 11)	1,106,844	827,579	78,535
Government grants - Provincial (Note 12)	4,701,756	4,735,499	5,902,610
Municipal grants	144,613	159,134	400,617
User fees and service charges	2,564,310	2,588,479	2,782,679
Income (loss) from government business enterprises (Note 2(a))	-	(45,931)	(74,233)
Other (Note 13)	786,950	1,508,662	2,383,993
	<u>13,828,977</u>	<u>14,371,321</u>	<u>15,853,232</u>
Expenses			
General government	877,748	874,112	891,896
Protection services	2,283,556	2,256,274	2,267,492
Transportation services	1,898,507	3,774,225	4,131,154
Environmental services	1,721,123	2,482,370	2,136,538
Health services	7,413	4,817	6,440
Recreation and cultural services	907,710	1,177,117	1,002,491
Planning and development	261,185	552,289	133,482
	<u>7,957,242</u>	<u>11,121,204</u>	<u>10,569,493</u>
Annual surplus	<u>5,871,735</u>	<u>3,250,117</u>	<u>5,283,739</u>
Accumulated surplus, beginning of year, as previously stated	10,052,832	10,052,832	7,313,147
Prior period adjustment (Note 1)	<u>75,670,955</u>	<u>75,670,955</u>	<u>73,126,901</u>
Accumulated surplus, beginning of year, restated	<u>85,723,787</u>	<u>85,723,787</u>	<u>80,440,048</u>
Accumulated surplus, end of year	<u>\$ 91,595,522</u>	<u>\$ 88,973,904</u>	<u>\$ 85,723,787</u>

The Corporation of the Municipality of West Perth
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2009	2009	2008
	(Note 16)		Restated (see Note 1)
Annual surplus	\$ 5,871,735	\$ 3,250,117	\$ 5,283,739
Acquisition of tangible capital assets	(6,041,889)	(6,402,843)	(5,306,921)
Amortization of tangible capital assets	-	2,706,448	2,551,979
Loss on sale of tangible capital assets	-	223,607	148,495
Proceeds on sale of tangible capital assets	-	41,809	62,394
	<u>(170,154)</u>	<u>(180,862)</u>	<u>2,739,686</u>
Acquisition of prepaid expenses and inventory of supplies	-	(2,344)	-
Use/consumption of prepaid expenses and inventory of supplies	-	-	4,318
	<u>-</u>	<u>(2,344)</u>	<u>4,318</u>
Net change in net financial assets	(170,154)	(183,206)	2,744,004
Net financial assets, beginning of year	10,036,732	10,036,732	7,292,728
Net financial assets, end of year	\$ 9,866,578	\$ 9,853,526	\$ 10,036,732

The Corporation of the Municipality of West Perth
Consolidated Statement of Cash Flows

<u>For the year ended December 31</u>	<u>2009</u>	<u>2008</u>
		Restated (see Note 1)
Operating transactions		
Annual surplus	\$ 3,250,117	\$ 5,283,739
Items not involving cash		
Loss from government business enterprise	45,931	74,233
Amortization	2,706,448	2,551,979
Loss on disposal of tangible capital assets	223,607	148,495
Changes in non-cash operating balances		
Taxes receivable	(239,846)	(75,417)
Trade and other receivable	268,545	270,545
Drains receivable	61,037	216,488
Inventories for resale	(150)	(2,809)
Prepaid expenses and inventories of supplies	(2,344)	4,318
Accounts payable and accrued liabilities	909,213	558,300
Deferred revenue	(87,957)	135,167
Solid waste closure and post closure liabilities	141,309	(78,120)
	<u>7,275,910</u>	<u>9,086,918</u>
Capital transactions		
Acquisition of tangible capital assets	(6,402,843)	(5,306,921)
Proceeds on sale of tangible capital assets	41,809	62,394
	<u>(6,361,034)</u>	<u>(5,244,527)</u>
Investing transactions		
Acquisition of long-term investments	(130,104)	(4,042,605)
Financing transactions		
Proceeds from issuance of long-term debt	29,450	-
Repayment of long-term debt	(293,846)	(415,157)
	<u>(264,396)</u>	<u>(415,157)</u>
Net change in cash and cash equivalents	520,376	(615,371)
Cash and cash equivalents, beginning of year	<u>7,087,143</u>	<u>7,702,514</u>
Cash and cash equivalents, end of year	<u>\$ 7,607,519</u>	<u>\$ 7,087,143</u>

The Corporation of the Municipality of West Perth

Summary of Significant Accounting Policies

December 31, 2009

Management's Responsibility for the Financial Statements

The consolidated financial statements of the Corporation of the Municipality of West Perth are the responsibility 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. The Corporation of the Municipality of West Perth is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Corporation of the Municipality of West Perth provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

Basis of Consolidation

The consolidated financial statement reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Corporation of the Municipality of West Perth. The following entities have been consolidated:

Municipality of West Perth - Water Department
Municipality of West Perth Library Board

All inter-entity transactions and balances have been eliminated.

The investment in a government business enterprise is accounted for using the modified equity basis of accounting. Under this method, the government business enterprise's accounting policies, which follow Canadian generally accepted accounting principles for publicly accountable enterprises, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated. The following government business enterprise is reflected in the consolidated financial statements:

West Perth Power Inc.

Cash and Cash Equivalents

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

Inventory Held for Resale

Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

Long-term Investments

Long-term investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

The Corporation of the Municipality of West Perth Summary of Significant Accounting Policies

December 31, 2009

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing the month the asset is available for productive use as follows:

Land improvements	35 to 50 years
Buildings	30 to 100 years
Machinery and equipment	5 to 50 years
Vehicles	5 to 25 years
Infrastructure - roads	8 to 100 years
Infrastructure - bridges	30 to 80 years
Infrastructure - water, sanitary and storm systems	75 years

County and School Board

The Corporation of the Municipality of West Perth collects taxation revenue on behalf of the school boards and the County of Perth. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

Trust Funds

Trust funds held in trust by the Corporation of the Municipality of West Perth, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

Retirement Benefits and Other Employee Benefit Plans

The Corporation of the Municipality of West Perth's contributions due during the period to its multi-employer defined benefit plan are expensed as incurred. The costs of other retirement benefits that accumulate over the period of service provided by employees are determined using the projected benefit method prorated on services based on management's best estimate.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

Government Transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

The Corporation of the Municipality of West Perth

Summary of Significant Accounting Policies

December 31, 2009

Revenue Recognition	<p>Taxes are recognized as revenue in the year they are levied.</p> <p>Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.</p> <p>Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.</p> <p>Sales of service and other revenue is recognized on an accrual basis.</p>
Solid Waste Landfills	<p>The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.</p>
Use of Estimates	<p>The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions 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. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2009

1. Change in Accounting Policy

On January 1, 2009, the Corporation of the Municipality of West Perth adopted revised Public Sector Accounting Standards: Section 1000 - Financial Statement Concepts, Section 1100 - Financial Statement Objectives, Section 1200 - Financial Statement Presentation and Section 3150 - Tangible Capital Assets. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standards require the recognition of all non-financial assets including tangible capital assets, prepaid expenses and inventories of supplies as assets in the financial statements. In addition, revenue from contributed assets, and amortization on tangible capital assets was recorded in the statement of operations. This change in accounting policy has been applied retroactively with the restatement of the prior period. The impact of adopting the tangible capital asset standard was as follows:

	<u>2008</u>
<u>Statement of Financial Position</u>	
Increase in non-financial assets	\$ <u>73,126,901</u>
Increase in beginning accumulated surplus	\$ <u>73,126,901</u>
<u>Statement of Operations</u>	
Increase (decrease) in revenue	
Grants - Federal	\$ 77,497
Other	<u>12,568</u>
Total increase in revenue	<u>90,065</u>
Increase (decrease) in expenses	
General government	33,779
Protection services	63,544
Transportation services	(269,359)
Environmental services	(451,614)
Health services	10
Recreational and cultural services	<u>(1,830,349)</u>
Total decrease in expenses	<u>\$ (2,453,989)</u>
Increase in annual surplus	\$ <u>2,544,054</u>
Increase in closing accumulated surplus	\$ <u>75,670,955</u>

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2009

2. Investment in Government Business Enterprise

The following summarizes the financial position and operations of the government business enterprises which has been reported in these financial statements using the modified equity method:

(a) Shares of Government Business Enterprise

West Perth Power Inc. is a corporation incorporated under the laws the Province of Ontario and provides municipal electrical services. The Corporation of the Municipality of West Perth owns 100% of the outstanding shares of West Perth Power Inc.

	2009	2008
Financial Position		
Current	\$ 2,347,607	\$ 2,425,093
Capital	1,772,354	1,712,445
Future payments in lieu of income tax asset	881,000	-
Total assets	\$ 5,000,961	\$ 4,137,538
Current	913,987	877,090
Regulatory	1,073,966	199,271
Other	64,988	67,226
Demand note payable to the Municipality of West Perth	1,183,391	1,183,391
Total liabilities	3,236,332	2,326,978
Net assets		
Equity	1,764,629	1,810,560
Results of Operations		
Revenues	\$ 5,283,447	\$ 5,604,042
Expenditures	5,330,075	5,667,749
Net income (loss)	(46,628)	(63,707)
Other comprehensive income (loss)	697	(10,526)
Net income (loss) for the year	\$ (45,931)	\$ (74,233)

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2009

2. Investment in in Government Business Enterprise (continued)

(b) Promissory Note Receivable

An unsecured promissory note receivable from West Perth Power Inc. as at December 31, 2009 amounted to \$1,183,391 (2008 - \$1,183,391) bearing interest at 7.25%, payable monthly. The promissory note receivable is due on demand. Interest received in the year and included in other income of the current fund is \$85,796 (2008 - \$86,004).

(c) Equity in West Perth Power Inc.

	2009	2008
Net assets	\$ 1,764,629	\$ 1,810,560
Demand note receivable	1,183,391	1,183,391
	\$ 2,948,020	\$ 2,993,951

3. Long-term Investments

	2009	2008
		Restated (see Note 1)
Guaranteed investment certificates	\$ 4,260,920	\$ 4,130,816

Guaranteed investment certificates carry effective interest rates of 1.60% to 5.00% (2008-3.00% to 5.00%) and maturity dates June 2011 and December 2013. Interest is receivable on an annual basis

4. Pension Agreements

Certain employees of the Corporation of the Municipality of West Perth are eligible to be members of the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. During the year ended December 31, 2009, the Corporation of the Municipality of West Perth contributed \$80,364 (2008 - \$86,779) to the plan. As this is a multi-employer pension plan, these contributions are the Corporation of the Municipality of West Perth's pension benefit expense. No pension liability for this type of plan is included in the Corporation of the Municipality of West Perth's financial statements.

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2009

5. Deferred Revenue

	Opening balance Restated (see Note 1)	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 70,818	296,630	-	(367,448) \$	-
Development charges	396,204	73,016	2,443	(118,852)	352,811
Recreational land	119,364	25,000	724	-	145,088
Other	8,602	530	-	-	9,132
	\$ 594,988	395,176	3,167	(486,300) \$	507,031

Federal gas tax

Gas tax revenue is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Corporation of the Municipality of West Perth and the Province of Ontario. Gas tax funding may be used towards designated capacity building projects as specified in the funding agreements.

6. Solid Waste Closure and Post-Closure Liabilities

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 for the Municipalities landfill sites is recorded at \$1,896,533 and represents the present value of closure and post-closure costs for 90% of the current site's opened cells, using a long-term borrowing rate of 7.50%. 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 \$1,896,533. The estimated remaining capacity of the site's opened cells are approximately 40,831 cubic metres, which will be filled in 14 years. Post-closure care is estimated to continue for a period of between 15 and 31 years.

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2009

7. Net Long-term Debt

Net long term debt reported on the statement of financial position is comprised of the following:

	<u>2009</u>	<u>2008</u>
		Restated (see Note 1)
Tile drainage loans, bearing interest between 6.0 and 8.0% and repayable in annual instalments. The loans are due between 2010 and 2019 and are recoverable from benefiting landowners.	\$ 322,006	\$ 349,068
Demand bank loan payable, interest at bank prime, repayable at \$13,324 per year including interest.	35,374	45,782
Demand bank loan payable, interest at bank prime, repayable at \$24,073 per year plus interest.	106,250	118,460
OIPC loans, bearing interest between 1.89 and 4.95% and due between 2010 and 2025. Recoverable from future taxation, recoveries from benefiting landowners and user fees.	2,553,424	2,767,050
Other long-term liabilities, bearing interest between 4.25% and 5.5% and payable in annual instalments. The loans are due between 2010 and 2012.	13,045	14,135
	<u>3,030,099</u>	<u>3,294,495</u>

Principal repayments relating to net long term debt of \$3,030,099 outstanding are due as follows:

	<u>Principal Repayments</u>
2010	\$ 308,564
2011	295,239
2012	297,514
2013	294,226
2014	265,873
Thereafter	1,568,683
	<u>\$ 3,030,099</u>

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2009

8. Tangible Capital Assets	2009							
	Land	Buildings	Machinery and equipment	Vehicles	Infrastructure - Roads	Infrastructure - Bridges	Infrastructure - water, sanitary and storm system	Total
Cost, beginning of year	\$ 1,382,360	\$ 14,028,917	\$ 5,475,457	\$ 3,768,151	\$ 45,650,345	\$ 9,410,489	\$ 33,764,258	\$ 114,888,042
Additions	338,466	908,321	162,952	1,146,470	2,196,006	104,750	1,219,227	6,402,843
Disposals	(1,000)	-	(46,044)	(356,214)	(220,391)	-	(379,327)	(1,002,976)
Cost, end of year	\$ 1,719,826	\$ 14,937,238	\$ 5,592,365	\$ 4,558,407	\$ 47,625,960	\$ 9,515,239	\$ 34,604,158	\$ 120,287,909
Accumulated amortization, beginning of year	\$ 1,451	\$ 3,112,703	\$ 2,119,508	\$ 1,986,556	\$ 19,772,032	\$ 4,921,210	\$ 7,013,466	\$ 39,217,087
Amortization	5,393	239,756	253,065	284,044	1,304,352	134,230	451,116	2,706,448
Disposals	(1,000)	-	(44,286)	(327,328)	(181,717)	-	(183,229)	(737,560)
Accumulated amortization, end of year	\$ 5,844	\$ 3,352,459	\$ 2,328,287	\$ 1,943,272	\$ 20,894,667	\$ 5,055,440	\$ 7,281,353	\$ 41,185,975
Net carrying amount, end of year	\$ 1,713,982	\$ 1,410,063	\$ 11,584,779	\$ 3,264,078	\$ 2,615,135	\$ 26,731,293	\$ 4,459,799	\$ 79,101,934

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$267,692 (2008 - \$1,138,420). Contributed or donated capital assets of \$Nil (2008 - \$90,070) were recognized in the financial statements during the year.

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2009

8. Tangible Capital Assets (continued)

	Land improvement	Land	Buildings	Machinery and equipment	Vehicle	Infrastructure - roads	Infrastructure - bridges	Infrastructure - water, sanitary and storm systems	Total
Cost, beginning of year	\$ 985,756	\$ 1,408,065	\$12,186,932	\$ 5,366,735	\$ 4,034,233	\$ 44,031,486	\$ 9,328,454	\$ 33,221,181	\$ 110,562,842
Additions	406,604	-	1,841,985	144,497	410,499	1,700,701	82,035	720,600	5,306,921
Disposals	(10,000)	-	-	(35,775)	(676,581)	(81,842)	-	(177,523)	(981,721)
Cost, end of year	\$ 1,382,360	\$ 1,408,065	\$14,028,917	\$ 5,475,457	\$ 3,768,151	\$ 45,650,345	\$ 9,410,489	\$ 33,764,258	\$ 114,888,042
Accumulated amortization, beginning of year	\$ 10,571	\$ 257,606	\$ 2,910,058	\$ 1,912,416	\$ 2,298,235	\$ 18,596,594	\$ 4,786,067	\$ 6,664,393	\$ 37,435,940
Amortization	880	32,555	202,645	241,665	249,032	1,245,446	135,143	444,613	2,551,979
Disposals	(10,000)	-	-	(34,573)	(560,711)	(70,008)	-	(95,540)	(770,832)
Accumulated amortization, end of year	\$ 1,451	\$ 290,161	\$ 3,112,703	\$ 2,119,508	\$ 1,986,556	\$ 19,772,032	\$ 4,921,210	\$ 7,013,466	\$ 39,217,087
Net carrying amount, end of year	\$ 1,380,909	\$ 1,117,904	\$10,916,214	\$ 3,355,949	\$ 1,781,595	\$ 25,878,313	\$ 4,489,279	\$ 26,750,792	\$ 75,670,955

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2009

9. Accumulated Surplus

The Corporation of the Municipality of West Perth segregates its accumulated surplus in the following categories:

	2009	2008
		Restated (see Note 1)
Investment in tangible capital assets	\$ 79,101,934	\$ 75,670,955
Current Funds	(995,958)	(1,241,335)
Reserves and reserve funds		
Working funds	459,000	459,000
Current purposes	149,229	94,778
Capital purposes	9,208,212	9,563,564
Unfunded liabilities	(1,896,533)	(1,817,126)
Government business enterprise	2,948,020	2,993,951
	\$ 88,973,904	\$ 85,723,787

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserves and reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

10. Operations of School Boards and the County of Perth

During the year, the following taxation revenues were raised and remitted to the school boards and the County of Perth:

	2009	2008
School boards	2,999,707	2,956,269
County of Perth	2,260,123	2,287,067
	\$ 5,259,830	\$ 5,243,336

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2009

11. Government Transfers - Federal

	Budget 2009	2009	2008
	(Note 16)		Restated (see Note 1)
Federal Transfers			
Operating			
Unconditional	\$ 2,300	\$ 7,085	\$ 1,038
Capital			
Infrastructure stimulus funding	344,285	343,590	-
Federal gas tax revenue	364,646	367,448	77,497
Other capital funding	395,613	109,456	-
	\$ 1,106,844	\$ 827,579	\$ 78,535

12. Government Transfers - Provincial

	Budget 2009	2009	2008
	(Note 16)		Restated (see Note 1)
Provincial Transfers			
Operating			
Ontario municipal partnership fund	\$ 3,848,100	\$ 3,848,100	\$ 2,808,400
Unconditional	113,058	186,289	126,626
Capital			
Infrastructure stimulus funding	344,285	343,590	-
Other capital funding	396,313	357,520	2,967,584
	\$ 4,701,756	\$ 4,735,499	\$ 5,902,610

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2009

13. Other Income

	Budget 2009	2009	2008
	(Note 16)		Restated (see Note 1)
Penalties and interest on taxation	\$ 65,000	\$ 100,666	\$ 77,590
Other fines and penalties	5,650	6,372	5,910
Investment income	219,989	169,511	464,619
Licences, permits and rents	122,211	219,450	137,557
Donations	6,000	40,051	258,884
Prepaid special charges	-	68,111	69,869
Sale of publications, equipment and other	74,300	129,532	85,088
Development charges	-	118,852	81,340
Other	293,800	656,117	1,203,136
	\$ 786,950	\$ 1,508,662	\$ 2,383,993

14. Expenses by Object

	Budget 2009	2009	2008
	(Note 16)		Restated (see Note 1)
Salaries, wages and employee benefits	\$ 1,875,365	\$ 1,810,490	\$ 1,663,843
Materials	3,180,416	3,024,395	3,411,059
Contracted services	2,493,690	2,964,524	2,321,554
Rent and financial expenses	44,600	51,715	51,727
Interest on long-term debt	921	61,259	65,987
Contributions to others	362,250	420,076	371,067
Amortization	-	2,706,448	2,551,979
Loss on disposal of capital assets	-	223,607	148,495
Amounts for unfunded liabilities	-	(141,310)	(16,218)
	\$ 7,957,242	\$ 11,121,204	\$ 10,569,493

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

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15. Funds Held in Trust

At the year end, the Corporation of the Municipality of West Perth held \$26,388 (2008 - \$26,542). These funds are not included in these consolidated financial statements. The following trust funds and assets are excluded from the Corporation of the Municipality of West Perth's financial statements:

	2009	2008
		Restated (see Note 1)
Hibbert cemetery	\$ 23,651	\$ 23,827
W.F. levy trust	2,737	2,715
	\$ 26,388	\$ 26,542

16. Budget

The Financial Plan (Budget) By-Law adopted by Council on May 25, 2009 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 use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Financial Plan adopted by Council on May 25, 2009 with adjustments as follows:

	2009
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	6,041,889
Budgeted transfers to accumulated surplus	1,003,631
Principal repayment of debt	265,337
Less:	
Budgeted transfers from accumulated surplus	(1,439,122)
	-
Budget surplus per statement of operations	\$ 5,871,735

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2009

17. Subsequent Events

Effective January 1, 2010 the Municipality of West Perth finalized a share purchase agreement for the sale of West Perth Power Inc. to ERTH Corporation.

The Municipality of West Perth sold 100% of its shares in West Perth Power Inc. to ERTH Corporation in exchange for one Class "A" voting share and 1,693,000 non-voting shares in ERTH Corporation. This represents a relative economic ownership in ERTH Corporation of 8.25%.

18. Reclassification

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

The Corporation of the Municipality of West Perth

Notes to Consolidated Financial Statements

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19. Segmented Information

The Corporation of the Municipality of West Perth is a diversified municipal government institution that provides a wide range of services to its citizens. 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 category relates to the revenues and expenses of the operations of the Municipality itself and cannot be directly attributed to specific segment.

Protection to Persons and Property

Protection is comprised of police services, fire protection and protective 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. Protective inspection provides services related to the enforcement of building and construction codes.

Transportation

Transportation is responsible for the maintenance and upkeep of the Municipality's roads, bridges, winter control, street lights and transit services.

Environmental

Environmental services provides waste disposal and drainage services for the Municipality's citizens.

Waterworks

Waterworks services represent costs relating to providing water to commercial and residential developments within the Municipality.

Community Services

This service area provides services meant to improve the health and development of the Municipality's citizens through recreational programs, youth centres and library services.

Planning and Development

This department provides a number of services including planning, economical development and maintenance of the Municipality's drains.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers have been measured on the basis of the actual cost of services provided. Taxation and grants attributable to a number of segments have been allocated to those segments based on the current expenses for the year.

Taxation and grants	allocated to those segments that are funded by the Municipality based on the budgeted share of current expenditures for the year
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The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2009

19. Segmented Information (continued)

For the year ended December 31	General government	Protection to persons and property	Transportation	Environmental	Water	Community services	Planning and development	2009 Total
Revenue								
Taxation	\$ 528,420	\$ 1,791,712	\$ 1,184,217	\$ 385,834	\$ -	\$ 540,378	\$ 167,338	\$ 4,597,899
Government grants	777,402	987,201	1,979,400	696,559	91,313	911,636	278,701	5,722,212
User fees and service charges	65,963	46,669	53,968	1,268,318	739,457	391,970	22,134	2,588,479
Income from government business enterprises	(45,931)	-	-	-	-	-	-	(45,931)
Other	574,616	-	129,203	3,320	85,797	493,113	222,613	1,508,662
	<u>1,900,470</u>	<u>2,825,582</u>	<u>3,346,788</u>	<u>2,354,031</u>	<u>916,567</u>	<u>2,337,097</u>	<u>690,786</u>	<u>14,371,321</u>
Expenses								
Salaries and benefits	526,114	370,979	468,681	47,048	-	394,095	3,573	1,810,490
Goods and services	310,433	1,758,624	1,448,999	1,200,946	531,167	610,110	548,716	6,408,995
Interest and rental	1,815	49,900	452	38,787	22,020	-	-	112,974
Amortization	35,541	76,771	1,810,012	360,328	247,615	176,181	-	2,706,448
Loss on disposal of capital assets	209	-	46,081	25,856	149,913	1,548	-	223,607
Unfunded	-	-	-	(141,310)	-	-	-	(141,310)
	<u>874,112</u>	<u>2,256,274</u>	<u>3,774,225</u>	<u>1,531,655</u>	<u>950,715</u>	<u>1,181,934</u>	<u>552,289</u>	<u>11,121,204</u>
Net surplus (deficit)	<u>\$ 1,026,358</u>	<u>\$ 569,308</u>	<u>\$ (427,437)</u>	<u>\$ 822,376</u>	<u>\$ (34,148)</u>	<u>\$ 1,155,163</u>	<u>\$ 138,497</u>	<u>\$ 3,250,117</u>

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19. Segmented Information (continued)

For the year ended December 31	General government	Protection to persons and property	Transportation	Environmental	Water	Community services	Planning and development	2008 Restated (see Note 1) Total
Revenue								
Taxation	\$ 539,666	\$ 1,751,714	\$ 1,089,229	\$ 402,471	\$ -	\$ 493,086	\$ 102,865	\$ 4,379,031
Government grants	645,239	798,673	3,837,550	265,860	124,547	557,677	152,216	6,381,762
User fees and service charges	108,713	50,642	103,857	1,478,061	655,579	370,663	15,164	2,782,679
(Loss) on government business enterprises	(74,233)	-	-	-	-	-	-	(74,233)
Other	453,061	2,600	107,294	32,030	113,052	1,417,260	258,696	2,383,993
	<u>1,672,446</u>	<u>2,603,629</u>	<u>5,137,930</u>	<u>2,178,422</u>	<u>893,178</u>	<u>2,838,686</u>	<u>528,941</u>	<u>15,853,232</u>
Expenses								
Salaries and benefits	577,630	361,739	330,295	22,024	-	368,994	3,161	1,663,843
Goods and services	275,600	1,769,160	1,966,755	732,807	719,033	510,003	130,321	6,103,679
Interest and rental	1,827	49,900	784	40,700	24,504	-	-	117,715
Amortization	35,992	59,119	1,733,682	347,120	246,487	129,579	-	2,551,979
Loss on disposal of capital assets	847	27,574	37,736	27,282	54,701	355	-	148,495
Unfunded	-	-	61,902	(78,120)	-	-	-	(16,218)
	<u>891,896</u>	<u>2,267,492</u>	<u>4,131,154</u>	<u>1,091,813</u>	<u>1,044,725</u>	<u>1,008,931</u>	<u>133,482</u>	<u>10,569,493</u>
Net surplus (deficit)	<u>\$ 780,550</u>	<u>\$ 336,137</u>	<u>\$ 1,006,776</u>	<u>\$ 1,086,609</u>	<u>\$ (151,547)</u>	<u>\$ 1,829,755</u>	<u>\$ 395,459</u>	<u>\$ 5,283,739</u>