

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

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West Perth
Consolidated Financial Statements
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Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of The Corporation of the Municipality of West Perth, 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 Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Municipality of West Perth as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Stratford, Ontario
September 9, 2011

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

For the year ended December 31	Budget 2010	2010	2009
	(Unaudited) (Note 15)		
Revenue			
Taxation	\$ 4,693,937	\$ 4,781,013	\$ 4,597,899
Government grants - Federal (Note 10)	1,349,395	922,285	827,579
Government grants - Provincial (Note 11)	5,060,960	4,802,688	4,735,499
Municipal grants	600,000	156,080	159,134
User fees and service charges	2,447,500	2,831,664	2,588,479
Income (loss) from government business enterprises (Note 1)	-	(45,234)	(45,931)
Loss on disposal of government business enterprise (Note 1)	-	(71,628)	-
Other (Note 12)	815,190	1,226,871	1,508,662
	14,966,982	14,603,739	14,371,321
Expenses			
General government	1,006,264	892,371	874,112
Protection services	2,445,154	2,342,954	2,256,274
Transportation services	3,865,958	4,064,115	3,774,225
Environmental services	2,763,488	1,305,889	2,482,370
Health services	7,010	5,132	4,817
Recreation and cultural services	1,152,645	1,200,202	1,177,117
Planning and development	481,067	300,707	552,289
	11,721,586	10,111,370	11,121,204
Annual surplus	3,245,396	4,492,369	3,250,117
Accumulated surplus, beginning of year	88,973,904	88,973,904	85,723,787
Accumulated surplus, end of year	\$ 92,219,300	\$ 93,466,273	\$ 88,973,904

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

For the year ended December 31	Budget 2010	2010	2009
	(Unaudited) (Note 15)		
Annual surplus	\$ 3,245,396	\$ 4,492,369	\$ 3,250,117
Acquisition of tangible capital assets	(6,721,800)	(4,737,916)	(6,402,843)
Amortization of tangible capital assets	2,871,049	2,870,963	2,706,448
Loss on disposal of tangible capital assets	-	236,341	223,607
Proceeds on sale of tangible capital assets	-	3,251	41,809
	<u>(605,355)</u>	<u>2,865,008</u>	<u>(180,862)</u>
Acquisition of prepaid expenses and inventory of supplies	-	(18,910)	(2,344)
Net change in net financial assets	(605,355)	2,846,098	(183,206)
Net financial assets, beginning of year	9,853,526	9,853,526	10,036,732
Net financial assets, end of year	\$ 9,248,171	\$ 12,699,624	\$ 9,853,526

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

For the year ended December 31	2010	2009
Operating transactions		
Annual surplus	\$ 4,492,369	\$ 3,250,117
Items not involving cash		
Loss from government business enterprise	45,234	45,931
Loss from disposal of government business enterprise	71,628	-
Amortization	2,870,963	2,706,448
Loss on disposal of tangible capital assets	236,341	223,607
Changes in non-cash operating balances		
Taxes receivable	169,508	(239,846)
Trade and other receivable	524,905	268,545
Drains receivable	63,306	61,037
Inventories for resale	2,866	(150)
Prepaid expenses and inventories of supplies	(18,910)	(2,344)
Accounts payable and accrued liabilities	(1,107,944)	909,213
Deferred revenue	(8,134)	(87,957)
Solid waste closure and post closure liabilities	(1,375,447)	141,309
	<u>5,966,685</u>	<u>7,275,910</u>
Capital transactions		
Acquisition of tangible capital assets	(4,737,916)	(6,402,843)
Proceeds on sale of tangible capital assets	3,251	41,809
	<u>(4,734,665)</u>	<u>(6,361,034)</u>
Investing transactions		
Change in short-term investments	(2,113,109)	(22,067)
Change in long-term investments	2,092,536	(130,104)
Acquisition of note receivable from government business enterprise	(900,000)	-
	<u>(920,573)</u>	<u>(152,171)</u>
Financing transactions		
Proceeds from issuance of long-term debt	23,222	29,450
Repayment of long-term debt	(294,691)	(293,846)
	<u>(271,469)</u>	<u>(264,396)</u>
Net change in cash and cash equivalents	39,978	498,309
Cash and cash equivalents, beginning of year	<u>7,585,452</u>	<u>7,087,143</u>
Cash and cash equivalents, end of year	<u>\$ 7,625,430</u>	<u>\$ 7,585,452</u>

The Corporation of the Municipality of West Perth

Summary of Significant Accounting Policies

December 31, 2010

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 Library Board
Municipality of West Perth Business Improvement Area

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 as modified by regulations and policies set forth in the Ontario Energy Board Accounting Procedures Handbook, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated. Part of the investment includes Class B redeemable shares that are subject to a Put Option. These Class B shares are accounted for based on the fair market value of the Put Option at the end of each fiscal year. The following government business enterprise is reflected in the consolidated financial statements:

ERTH Corporation

Note that the municipality owned and consolidated the government business enterprise of West Perth Power Inc. in the prior year. This government business enterprise was disposed of during the current year.

Cash and Cash Equivalents

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

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

December 31, 2010

Short-term Investments Short-term investments are investments with a maturity between three months and one year. They are recorded at cost plus accrued interest.

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.

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.

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

December 31, 2010

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.
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	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.
Use of Estimates	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.

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

December 31, 2010

1. Investment in Government Business Enterprise

ERTH Corporation was incorporated in 2000 under the Business Corporations Act (Ontario) as mandated by the Ontario Government's Electricity Act, 1998 (Ontario) and Sections 71 and 73 of the Ontario Energy Board Act, 1998 (Ontario). The Corporation of the Municipality of West Perth owns 7.77% of the outstanding shares of ERTH Corporation. The investment in ERTH Corporation is comprised of the following:

	2010
Promissory note receivable - West Perth Power Inc.	\$ 1,183,391
Promissory note receivable - Clinton Power Corporation	900,000
Class A shares	1
Class B shares	1,693,000
Cumulative amortization of purchase premium	(36,983)
Cumulative share of income	(8,251)
	\$ 3,731,158

In the prior year, the Corporation of the Municipality of West Perth owned 100% of the shares of West Perth Power Inc. On January 1, 2010, the Municipality sold all of the shares of West Perth Power Inc. to ERTH Corporation in exchange for one Class A voting share valued at \$1, representing 11% of the voting shares of ERTH Corporation, and for 1,693,000 Class B non-voting redeemable shares valued at \$1,693,000 including a purchase premium of \$739,669, representing a 7.77% economic ownership in ERTH Corporation. The purchase premium will be amortized into income over a 20 year period. At the sole discretion of the Municipality, they may redeem all of their Class B shares through a put option, which may be exercised by the Municipality between July 1, 2014 and December 31, 2014. The value of the put option is \$2,000,000 indexed by the 1-year T-Bill rate effective at the Closing Date of January 1, 2010, compounded annually to the Settlement Date, less any dividends paid by ERTH Corporation to the Municipality between January 1, 2010 and the Settlement Date.

West Perth Power Inc. and Clinton Power Corporation are wholly owned subsidiaries of ERTH Corporation. The note receivable from West Perth Power Inc. bears interest at 7.25%. This note is unsecured and is due on demand. Interest earned during the year included in Other Income is \$85,796.

The note receivable from Clinton Power Corporation bears interest at 7%. This note is unsecured and is due on demand. Interest earned during the year included in Other Income is \$57,750.

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

December 31, 2010

1. Investment in Government Business Enterprise (continued)

The following summarizes the financial position and operations of ERTH Corporation which have been reported in these financial statements using the modified equity method:

	2010
Financial Position	
Current	\$ 21,785,104
Capital	27,354,756
Regulatory and other assets	17,024,885
Total assets	\$ 66,164,745
Current	20,944,019
Long-term debt	28,190,046
Regulatory and other liabilities	4,872,983
Total liabilities	54,007,048
Net assets	
Equity	12,157,697
Results of Operations	
Revenues	\$ 63,424,488
Expenditures	63,530,627
Net loss for the year	\$ (106,139)

2. Investments

	2010	2009
Guaranteed investment certificates - short-term	\$ 2,135,176	\$ 22,067
Guaranteed investment certificates - long-term	2,168,384	4,260,920

Guaranteed investment certificates carry effective interest rates of 2.4% to 5.0% (2009- 1.6% to 5.0%) and maturity dates June 2011 to November 2015. Interest is receivable on an annual basis

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

December 31, 2010

3. 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, 2010, the Corporation of the Municipality of West Perth contributed \$86,159 (2009 - \$80,364) 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.

4. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ -	272,088	-	(272,088)	\$ -
Development charges	352,811	86,945	2,802	(113,472)	329,086
Recreational land	145,088	2,500	830	-	148,418
Other	9,132	12,261	-	-	21,393
	<u>\$ 507,031</u>	<u>373,794</u>	<u>3,632</u>	<u>(385,560)</u>	<u>\$ 498,897</u>

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.

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

December 31, 2010

5. Solid Waste Closure and Post-Closure Liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Corporation of the Municipality of West Perth's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability as at year end was \$521,086 (2009 - \$1,896,533) and reflects a discount rate of 7.5% (2009 - 7.5%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. The Mitchell Industrial landfill is expected to reach its capacity in approximately 20 years and the estimated remaining capacity is 48,500 cubic metres which is 40% (2009 - 42%) of the site's total capacity. The Mitchell Domestic landfill is expected to reach its capacity in approximately 89 years and the estimated remaining capacity is approximately 1,451,844 cubic metres, which is 86% (2009 - 87%) of the site's total capacity. The Logan landfill is expected to reach its capacity in approximately 89 years and the estimated remaining capacity is approximately 1,558,444 cubic metres, which is 97% (2009 - 97%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$7,375,812 (2009 - \$3,931,026). The significant increase in undiscounted estimated future expenditures is due to a change in estimated life of the Mitchell Domestic and Logan landfills. During 2010, the Municipality completed the necessary requirements under the Ministry of Environment to keep the Mitchell Domestic and Logan landfills operational for an additional 89 years. This increase in operational life increased the undiscounted future closure and post-closure costs due to the increase in expected usage and decreased the discounted liability as it pushed the expected closure and post-closure costs well into the future. The estimated length of time needed for post-closure care is between 19 and 85 years, depending on the landfill.

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

December 31, 2010

6. Net Long-term Debt

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

	2010	2009
Tile drainage loans, bearing interest between 6.0 and 8.0% and repayable in annual installments. The loans are due between 2011 and 2020 and are recoverable from benefiting landowners.	\$ 293,010	\$ 322,006
Demand bank loan payable, interest at prime less 0.75%, interest payable monthly, principal payable at option of the municipality subject to the loan being liquidated by September 2012.	24,303	35,374
Demand bank loan payable, interest at prime less 0.75%, interest payable monthly, principal payable at option of the municipality subject to the loan being liquidated by January 2017.	94,041	106,250
OIPC loans, bearing interest between 2.37% and 4.95% and due between 2016 and 2025. Recoverable from future taxation, recoveries from benefiting landowners and user fees.	2,334,479	2,553,424
Other long-term liabilities, bearing interest between 3.25% and 4.75% and payable in annual installments. The loans are due between 2012 and 2015.	12,797	13,045
	2,758,630	3,030,099

Principal repayments relating to net long term debt of \$2,758,630 outstanding are due as follows:

	Principal Repayments
2011	\$ 379,998
2012	263,298
2013	262,704
2014	268,514
2015	266,491
Thereafter	1,317,625
	\$ 2,758,630

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

December 31, 2010

	2010							
7. Tangible Capital Assets								
	Land improvement	Buildings	Machinery and equipment	Vehicles	Infrastructure - Roads	Infrastructure - Bridges	Infrastructure - water, sanitary and storm system	Total
Cost, beginning of year	\$ 974,756	\$ 14,633,072	\$ 5,890,181	\$ 4,559,757	\$ 47,614,073	\$ 9,515,239	\$ 34,604,158	\$ 120,287,909
Additions	9,074	467,095	194,595	261,537	2,328,433	331,770	1,068,400	4,737,916
Disposals	(25,000)	-	(37,952)	(128,472)	(308,002)	(34,514)	(179,925)	(713,865)
Cost, end of year	\$ 983,830	\$ 14,710,084	\$ 6,046,824	\$ 4,692,822	\$ 49,634,504	\$ 9,812,495	\$ 35,492,633	\$ 124,311,960
Accumulated amortization, beginning of year	-	\$ 335,140	\$ 2,330,630	\$ 1,943,880	\$ 20,894,548	\$ 5,055,440	\$ 7,281,353	\$ 41,185,975
Amortization	-	45,184	273,438	317,732	1,379,386	131,608	461,506	2,870,963
Disposals	-	(18,000)	-	(128,472)	(167,708)	(26,539)	(96,975)	(474,272)
Accumulated amortization, end of year	-	\$ 362,324	\$ 2,567,490	\$ 2,133,140	\$ 22,106,226	\$ 5,160,509	\$ 7,645,884	\$ 43,582,666
Net carrying amount, end of year	\$ 983,830	\$ 2,576,444	\$ 3,479,334	\$ 2,559,682	\$ 27,528,278	\$ 4,651,986	\$ 27,846,749	\$ 80,729,294

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$311,451 (2009 - \$267,962). Contributed or donated capital assets of \$155,266 (2009 - \$NIL) were recognized in the financial statements during the year.

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

December 31, 2010

7. Tangible Capital Assets (continued)

2009

	Land improvement	Land	Buildings	Machinery and equipment	Vehicle	Infrastructure - roads	Infrastructure - bridges	Infrastructure - water, sanitary and storm systems	Total
Cost, beginning of year	\$ 975,756	\$ 1,819,669	\$ 14,028,217	\$ 5,469,807	\$ 3,769,501	\$ 45,650,345	\$ 9,410,489	\$ 33,764,258	\$ 114,888,042
Additions	677,004	604,855	466,418	1,146,470	2,184,119	104,750	1,219,227	6,402,843	6,402,843
Disposals	(1,000)	-	(46,044)	(356,214)	(220,391)	-	(379,327)	(1,002,976)	(1,002,976)
Cost, end of year	\$ 974,756	\$ 2,496,673	\$ 14,633,072	\$ 5,890,181	\$ 4,559,757	\$ 47,614,073	\$ 9,515,239	\$ 34,604,158	\$ 120,287,909
Accumulated amortization, beginning of year	\$ 992	\$ 295,001	\$ 3,108,824	\$ 2,118,533	\$ 1,987,029	\$ 19,772,032	\$ 4,921,210	\$ 7,013,466	\$ 39,217,087
Amortization	8	40,139	236,160	256,383	284,179	1,304,233	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	\$ -	\$ 335,140	\$ 3,344,984	\$ 2,330,630	\$ 1,943,880	\$ 20,894,548	\$ 5,055,440	\$ 7,281,353	\$ 41,185,975
Net carrying amount, end of year	\$ 974,756	\$ 2,161,533	\$ 11,288,088	\$ 3,559,551	\$ 2,615,877	\$ 26,719,525	\$ 4,459,799	\$ 27,322,805	\$ 79,101,934

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

December 31, 2010

8. Accumulated Surplus

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

	2010	2009
Investment in tangible capital assets	\$ 80,729,294	\$ 79,101,934
Current Funds	(1,293,205)	(995,958)
Reserves and reserve funds		
Working funds	469,000	459,000
Current purposes	257,566	149,229
Capital purposes	10,093,546	9,208,212
Unfunded liabilities	(521,086)	(1,896,533)
Government business enterprise	3,731,158	2,948,020
	\$ 93,466,273	\$ 88,973,904

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.

9. 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:

	2010	2009
School boards	2,966,454	2,999,707
County of Perth	2,323,660	2,260,123
	\$ 5,290,114	\$ 5,259,830

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

December 31, 2010

10. Government Transfers - Federal

	Budget 2010 (Unaudited) (Note 15)	2010	2009
Federal Transfers			
Operating			
Unconditional	\$ 5,000	\$ 1,759	\$ 7,085
Capital			
Infrastructure Stimulus Funding	237,110	29,145	343,590
Building Canada Fund	790,393	574,207	109,456
Federal gas tax revenue	271,892	272,088	367,448
Recreational Infrastructure Canada	45,000	45,086	-
	\$ 1,349,395	\$ 922,285	\$ 827,579

11. Government Transfers - Provincial

	Budget 2010 (Unaudited) (Note 15)	2010	2009
Provincial Transfers			
Operating			
Ontario municipal partnership fund	\$ 3,866,300	\$ 3,866,300	\$ 3,848,100
Unconditional	120,157	136,490	186,289
Capital			
Infrastructure Stimulus Funding	237,110	29,145	343,590
Building Canada Fund	790,393	574,207	109,456
Recreational Infrastructure Canada	45,000	45,086	-
Other capital funding	2,000	151,460	248,064
	\$ 5,060,960	\$ 4,802,688	\$ 4,735,499

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

December 31, 2010

12. Other Income

	Budget 2010	2010	2009
	(Unaudited) (Note 15)		
Penalties and interest on taxation	\$ 70,000	\$ 108,928	\$ 100,666
Other fines and penalties	5,300	6,950	6,372
Investment income	140,800	236,708	83,715
Government business enterprise - interest	86,004	143,546	85,796
Licences, permits and rents	161,911	212,178	219,450
Donations	3,500	205,426	40,051
Prepaid special charges	-	104,791	68,111
Sale of publications, equipment and other	72,100	94,872	129,532
Development charges	-	113,472	118,852
Other	275,575	-	656,117
	\$ 815,190	\$ 1,226,871	\$ 1,508,662

13. Expenses by Object

	Budget 2010	2010	2009
	(Unaudited) (Note 15)		
Salaries, wages and employee benefits	\$ 1,945,139	\$ 1,923,540	\$ 1,810,490
Materials	3,831,000	3,053,084	3,024,395
Contracted services	2,564,478	2,817,313	2,964,524
Rent and financial expenses	44,600	51,709	51,715
Interest on long-term debt	256	83,579	61,259
Contributions to others	465,064	450,287	420,076
Amortization	2,871,049	2,870,963	2,706,448
Loss on disposal of capital assets	-	236,342	223,607
Amounts for unfunded liabilities	-	(1,375,447)	(141,310)
	\$ 11,721,586	\$ 10,111,370	\$ 11,121,204

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

December 31, 2010

14. Funds Held in Trust

At the year end, the Corporation of the Municipality of West Perth held \$26,224 (2009 - \$26,388). 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:

	2010	2009
Hibbert cemetery	\$ 23,466	\$ 23,651
W.F. levy trust	2,758	2,737
	\$ 26,224	\$ 26,388

15. Budget

The Financial Plan (Budget) By-Law adopted by Council on May 10, 2010 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 10, 2010 with adjustments as follows:

	2010
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	6,721,800
Budgeted transfers to accumulated surplus	59,358
Principal repayment of debt	266,002
Less:	
Budgeted transfers from accumulated surplus	(930,715)
Amortization	(2,871,049)
	\$ 3,245,396

16. 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

December 31, 2010

17. 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 budgeted share of current expenses for the year.

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

December 31, 2010

17. Segmented Information (continued)

For the year ended December 31	General government	Protection to persons and property	Transportation	Environmental	Water	Community services	Planning and development	2010 Total
Revenue								
Taxation	\$ 308,286	\$ 1,493,018	\$ 1,967,679	\$ 476,784	\$ -	\$ 380,091	\$ 155,155	\$ 4,781,013
Government grants	506,633	558,083	3,174,560	510,013	191,710	634,829	305,225	5,881,053
User fees and service charges	105,869	46,745	37,939	1,567,296	641,475	392,737	39,603	2,831,664
(Loss) on government business enterprises	(116,862)	-	-	-	-	-	-	(116,862)
Other	400,407	137,566	78,486	118,530	52,174	144,694	295,014	1,226,871
	<u>1,204,333</u>	<u>2,235,412</u>	<u>5,258,664</u>	<u>2,672,623</u>	<u>885,359</u>	<u>1,552,351</u>	<u>794,997</u>	<u>14,603,739</u>
Expenses								
Salaries and benefits	543,923	392,910	483,035	72,245	20,756	406,690	3,981	1,923,540
Goods and services	309,670	1,817,557	1,632,890	1,160,115	540,825	583,870	275,757	6,320,684
Interest and rental	1,809	49,900	644	38,709	23,257	-	20,969	135,288
Amortization	36,432	82,587	1,788,029	506,472	250,506	206,937	-	2,870,963
Loss on disposal of capital assets	537	-	159,517	21,695	46,756	7,837	-	236,342
Unfunded	-	-	-	(1,375,447)	-	-	-	(1,375,447)
	<u>892,371</u>	<u>2,342,954</u>	<u>4,064,115</u>	<u>423,789</u>	<u>882,100</u>	<u>1,205,334</u>	<u>300,707</u>	<u>10,111,370</u>
Net surplus (deficit)	<u>\$ 311,962</u>	<u>\$ (107,542)</u>	<u>\$ 1,194,549</u>	<u>\$ 2,248,834</u>	<u>\$ 3,259</u>	<u>\$ 347,017</u>	<u>\$ 494,290</u>	<u>\$ 4,492,369</u>

**The Corporation of the Municipality of West Perth
Business Improvement Area
Schedule of Financial Activities**

For the year ended December 31	Budget 2010	2010	2009
	(Unaudited)		
Revenue			
Taxation revenue	\$ 10,000	\$ 10,000	\$ 10,100
Grants	11,300	14,796	2,200
Membership fees and fundraising	800	1,311	657
	22,100	26,107	12,957
Expenditures			
Administrative	1,110	521	423
Advertising	8,000	4,847	4,782
Fundraising costs	1,000	1,318	835
Marketing plan development	9,832	9,819	-
Website development	1,735	1,935	1,735
Beautification	1,500	-	-
BIA Dollars	1,500	-	-
	24,677	18,440	7,775
Annual surplus (deficit)	(2,577)	7,667	5,182
Accumulated surplus, beginning of year	5,182	5,182	-
Accumulated surplus, end of year	2,605	12,849	5,182