

The Corporation of the  
Town of South Bruce Peninsula  
Financial Information  
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 Town of South Bruce Peninsula

We have audited the accompanying consolidated financial statements of the Corporation of the Town of South Bruce Peninsula, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations and accumulated surplus, changes in net financial assets (debt) and cash flows 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

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

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



## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of South Bruce Peninsula as at December 31, 2010 and the results of its operations, changes in net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario  
April 19, 2011

**The Corporation of the Town of South Bruce Peninsula**  
**Consolidated Statement of Financial Position**

December 31	2010	2009
<b>Financial assets</b>		
Cash (Note 1)	\$ 1,916,029	\$ 5,315,465
Taxes receivable	1,324,905	1,126,174
Trade and other receivables	5,260,310	2,545,622
Inventory held for resale	43,975	46,169
Long-term receivables (Note 2)	246,233	2,405
	<u>8,791,452</u>	<u>9,035,835</u>
<b>Liabilities</b>		
Temporary borrowings (Note 3)	4,545,850	5,661,461
Accounts payable and accrued liabilities	1,594,620	871,385
Solid waste landfill closure and post-closure liabilities (Note 4)	339,781	246,709
Deferred revenue (Page 30)	381,944	410,957
Net long-term liabilities and capital lease obligations (Note 5)	1,034,819	1,105,818
	<u>7,897,014</u>	<u>8,296,330</u>
<b>Net financial assets</b>	<u>894,438</u>	<u>739,505</u>
<b>Non financial assets</b>		
Inventory of materials and supplies	51,947	47,416
Prepaid expenses	454,780	166,107
Tangible capital assets (Note 6)	47,415,730	41,597,400
	<u>47,922,457</u>	<u>41,810,923</u>
<b>Accumulated surplus (Note 7)</b>	<u>\$48,816,895</u>	<u>\$ 42,550,428</u>

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

**The Corporation of the Town of South Bruce Peninsula**  
**Consolidated Statement of Operations and Accumulated Surplus**

<b>For the year ended December 31</b>	2010 Budget (Note 9)	2010 Actual	2009 Actual
<b>Revenue</b>			
Taxation	\$ 7,563,326	\$ 7,593,261	\$ 6,909,549
Fees and user charges	2,800,146	2,926,448	2,903,957
Government transfers (Note 10)	13,242,731	6,712,547	3,856,491
Other income (Note 11)	1,025,606	1,708,860	825,109
Obligatory reserve fund revenue recognized	35,718	35,718	-
	<u>24,667,527</u>	<u>18,976,834</u>	<u>14,495,106</u>
<b>Expenses</b>			
General government	1,447,013	1,400,198	1,477,339
Protection services	3,324,173	3,039,382	3,055,774
Transportation services	3,183,287	3,520,451	3,801,342
Environmental services	2,572,010	2,994,247	2,770,608
Health services	157,702	101,017	257,314
Social housing	-	-	40,000
Recreation and cultural services	1,082,353	1,092,790	1,114,003
Planning and development	615,548	562,282	276,853
	<u>12,382,086</u>	<u>12,710,367</u>	<u>12,793,233</u>
<b>Annual surplus (Note 9)</b>	12,285,441	6,266,467	1,701,873
<b>Accumulated surplus, beginning of year</b>	<u>42,550,428</u>	<u>42,550,428</u>	<u>40,848,555</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 54,835,869</u>	<u>\$ 48,816,895</u>	<u>\$ 42,550,428</u>

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



**The Corporation of the Town of South Bruce Peninsula**  
**Consolidated Statement of Changes in Net Financial Assets (Debt)**

<u>For the year ended December 31</u>	2010 Budget (Note 9)	2010 Actual	2009 Actual
<b>Annual surplus</b>	<b>\$ 12,285,441</b>	<b>\$ 6,266,467</b>	<b>\$ 1,701,873</b>
Acquisition of tangible capital assets	(18,737,926)	(7,450,113)	(3,530,897)
Amortization of tangible capital assets	-	1,612,414	1,509,667
Loss on sale of tangible capital assets	-	(107,150)	141,930
Proceeds on disposal of capital assets	-	126,519	55,780
	<u>(18,737,926)</u>	<u>(5,818,330)</u>	<u>(1,823,520)</u>
Change in inventories of supplies	-	(4,531)	(14,714)
Change in prepaid expenses	-	(288,673)	(30,536)
	-	<u>(293,204)</u>	<u>(45,250)</u>
<b>Increase (decrease) in net financial assets (debt)</b>	<b>(6,452,485)</b>	<b>154,933</b>	<b>(166,897)</b>
<b>Net financial assets, beginning of the year</b>	<b>739,505</b>	<b>739,505</b>	<b>906,402</b>
<b>Net financial assets (debt), end of the year</b>	<b>\$ (5,712,980)</b>	<b>\$ 894,438</b>	<b>\$ 739,505</b>

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

**The Corporation of the Town of South Bruce Peninsula**  
**Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2010</b>	<b>2009</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus	\$ 6,266,467	\$ 1,701,873
Items not involving cash		
Change in solid waste closure and post-closure liabilities	93,072	54,107
Amortization	1,612,414	1,509,667
Deferred revenue recognized	(384,778)	(793,795)
Loss on sale of capital assets	(107,150)	141,930
	<u>7,480,025</u>	<u>2,613,782</u>
<b>Changes in non-cash working capital balances</b>		
Taxes receivable	(198,731)	(22,681)
Trade and other receivables	(2,714,688)	1,517,798
Inventory held for resale	2,194	(321)
Accounts payable and accrued liabilities	723,235	(153,064)
Deferred revenue received	355,765	1,155
Inventory of materials and supplies	(4,531)	(14,714)
Prepaid expenses	(288,673)	(30,536)
	<u>(2,125,429)</u>	<u>1,297,637</u>
	<u>5,354,596</u>	<u>3,911,419</u>
<b>Capital transactions</b>		
Cash used to acquire capital assets	(7,450,113)	(3,530,897)
Proceeds on sale of capital assets	126,519	55,780
	<u>(7,323,594)</u>	<u>(3,475,117)</u>
<b>Investing activities</b>		
(Increase) decrease in long-term receivables	<u>(243,828)</u>	<u>1,112</u>
<b>Financing activities</b>		
Decrease in temporary borrowings	(1,115,611)	(238,539)
Repayment of long-term liabilities	(70,999)	(126,605)
	<u>(1,186,610)</u>	<u>(365,144)</u>
<b>Net change in cash</b>	<u>(3,399,436)</u>	<u>72,270</u>
Cash, beginning of year	<u>5,315,465</u>	<u>5,243,195</u>
<b>Cash, end of year</b>	<u>\$ 1,916,029</u>	<u>\$ 5,315,465</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 Town of South Bruce Peninsula

### Summary of Significant Accounting Policies

December 31, 2010

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#### Basis of Accounting

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

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### Use of Estimates

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

#### Basis of Consolidation

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

The following local board owned or controlled by Council has been consolidated:

#### Warton Business Improvement Area

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

Warton Keppel International Airport	
Joint Municipal Service Board	50%
Bruce Area Solid Waste Recycling	22%

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## The Corporation of the Town of South Bruce Peninsula Summary of Significant Accounting Policies

December 31, 2010

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**Temporary Investments**                      Temporary investments are recorded at the lower of cost and market value.

**Inventory**                                      Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

Inventory held for consumption is recorded at the lower of cost and replacement cost.

**Tangible Capital Assets**                      Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset including interest paid during the construction phase. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The following rates are used:

Land Improvements	15 - 25 years
Buildings	10 - 50 years
Equipment	5 - 20 years
Vehicles	10 - 25 years
Roads - paved	10 - 20 years
Roads - gravel	25 years
Bridges and other structures	40 - 70 years
Water and other utility systems	45 - 75 years

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

**Deferred Revenue**                              Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations and accumulated surplus in the year in which it is used for the specified purpose.

**Revenue Recognition**                        Tax levies are recognized as revenue when the amounts are levied on the municipality's ratepayers.

User fees and other revenues are recognized when related goods or services are provided and collectibility is reasonably assured.

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**The Corporation of the Town of South Bruce Peninsula**  
**Summary of Significant Accounting Policies**

December 31, 2010

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<b>Government Transfers</b>	Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized and eligibility criteria have been met and reasonable estimates of the amounts can be made.
<b>County and School Board</b>	The municipality collects taxation revenue on behalf of the school boards and the County of Bruce. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Bruce are not reflected in these financial statements.
<b>Trust Funds</b>	Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

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**The Corporation of the Town of South Bruce Peninsula**  
**Notes to Financial Statements**

**December 31, 2010**

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**1. Cash**

The municipality earns interest at prime minus 1.75% on all bank account balances. The municipality maintains all its bank accounts at one chartered bank.

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**2. Long-term Receivables**

	<u>2010</u>	<u>2009</u>
Tile drainage loans, 8%, annual payments of \$1,401 principal and interest, due in 2011	\$ 1,203	\$ 2,405
Water and sewer loans, 8%, various repayments and due dates	<u>245,030</u>	-
	<u>\$ 246,233</u>	<u>\$ 2,405</u>

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**3. Temporary Borrowings**

The municipality has borrowed funds from the RBC Financial Group in order to finance the Amabel Water System capital improvements \$4,545,850 (2009 - \$5,200,000) and the Sauble Sewer System \$Nil (2009 - \$461,461). Interest is payable monthly and calculated at Royal Bank prime minus 0.50%. Once the project has been completed, long-term financing will replace the interim financing. At December 31, 2010, the municipality had fully drawn this facility.

The municipality also has a revolving demand facility available of \$3,000,000 to finance general operating requirements. This facility was not drawn upon as at December 31, 2010.

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**The Corporation of the Town of South Bruce Peninsula**  
**Notes to Financial Statements**

**December 31, 2010**

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**4. Solid Waste Landfill 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 Amabel landfill site is recorded at \$246,914 and represents the present value of closure and post-closure costs for 65% of the current site's opened cells, using the Government of Canada's average long-term borrowing rate of 4.00%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenses for closure and post-closure care are \$318,100 leaving an amount to be recognized of \$71,186. The estimated remaining capacity of the site's opened cells is approximately 179,000 cubic metres, which will be filled in 11 years. Post-closure care is estimated to continue for a period of 20 years.

The liability for the Albemarle landfill site is recorded at \$92,867 and represents the present value of closure and post-closure costs for 65% of the current site's opened cells, using the Government of Canada's average long-term borrowing rate of 4.00%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenses for closure and post-closure care are \$126,700 leaving an amount to be recognized of \$33,833. The estimated remaining capacity of the site's opened cells are approximately 23,000 cubic metres, which will be filled in 12 years. Post-closure care is estimated to continue for a period of 20 years.

The liabilities are expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

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**The Corporation of the Town of South Bruce Peninsula**  
Notes to Financial Statements

**December 31, 2010**

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**5. Long-Term Liabilities and Capital Lease Obligations**

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

	2010	2009
Loan payable, OSIFA, 2.93%, due 2024	\$ 957,156	\$ 1,014,210
Tile drainage loans payable, 8%, due 2011	1,203	2,405
Capital lease payable, Mine Safety Appliances Company, 0%, due 2016	76,460	89,203
	\$ 1,034,819	\$ 1,105,818

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

	Principal	Lease Payments
2011	\$ 61,239	\$ 12,743
2012	\$ 60,472	\$ 12,743
2013	\$ 62,257	\$ 12,743
2014	\$ 64,095	\$ 12,743
2015	\$ 65,986	\$ 12,743
Thereafter	\$ 644,310	\$ 12,745

Total interest charges on long-term debt for the year reported on the consolidated statement of operations and accumulated surplus are \$29,837 (2009 - \$32,925). There was no interest paid on the capital lease obligation.

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The Corporation of the Town of South Bruce Peninsula  
Notes to Financial Statements

December 31, 2009

6. Tangible Capital Assets

								2010
	Land	Land Improvements	Buildings	Equipment	Vehicles	Roads, Bridges & Other Structures	Construction in Progress	Total
Cost, beginning of year	\$ 1,175,930	\$ 810,588	\$ 11,632,316	\$ 3,938,380	\$ 3,859,659	\$ 45,637,167	\$ 638,670	\$ 67,692,710
Additions	1	10,097	22,314	485,023	318,298	3,661,607	2,952,773	7,450,113
Disposals	(3)	-	-	(5,476)	(472,074)	(29,307)	-	(506,860)
Cost, end of year	1,175,928	820,685	11,654,630	4,417,927	3,705,883	49,269,467	3,591,443	74,635,963
Accumulated amortization, beginning of year	-	492,919	3,427,876	1,931,652	1,890,652	18,352,211	-	26,095,310
Amortization	-	32,455	302,731	294,397	230,793	752,038	-	1,612,414
Disposals	-	-	-	(4,118)	(455,352)	(28,021)	-	(487,491)
Accumulated amortization, end of year	-	525,374	3,730,607	2,221,931	1,666,093	19,076,228	-	27,220,233
Net carrying amount, end of year	\$ 1,175,928	\$ 295,311	\$ 7,924,023	\$ 2,195,996	\$ 2,039,790	\$ 30,193,239	\$ 3,591,443	\$ 47,415,730

The Corporation of the Town of South Bruce Peninsula  
Notes to Financial Statements

December 31, 2009

6. Tangible Capital Assets - (continued)

								2009
	Land	Land Improvements	Buildings	Equipment	Vehicles	Roads, Bridges & Other Structures	Construction in Progress	Total
Cost, beginning of year	\$ 714,229	\$ 684,376	\$ 8,468,940	\$ 3,536,960	\$ 3,502,243	\$ 38,730,891	\$ 8,901,238	\$ 64,538,877
Additions	461,703	126,212	3,180,925	420,853	377,509	7,226,263	(8,262,568)	3,530,897
Disposals	(2)	-	(17,549)	(19,433)	(20,093)	(319,987)	-	(377,064)
Cost, end of year	1,175,930	810,588	11,632,316	3,938,380	3,859,659	45,637,167	638,670	67,692,710
Accumulated amortization, beginning of year	-	463,554	3,183,446	1,665,218	1,660,872	17,791,907	-	24,764,997
Amortization	-	29,365	272,053	279,927	249,120	679,202	-	1,509,667
Disposals	-	-	(27,623)	(13,493)	(19,340)	(118,898)	-	179,354
Accumulated amortization, end of year	-	492,919	3,427,876	1,931,652	1,890,652	18,352,211	-	26,095,310
Net carrying amount, end of year	\$ 1,175,930	\$ 317,669	\$ 8,204,440	\$ 2,006,728	\$ 1,969,007	\$ 27,284,956	\$ 638,670	\$ 41,597,400

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**The Corporation of the Town of South Bruce Peninsula**  
**Notes to Financial Statements**

December 31, 2010

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

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from service) is \$3,591,444 (2009 - \$638,670).

\$23,630 (2009 - \$Nil) in contributed capital assets were recognized in the financial statements during the year.

The municipality holds various works of art and historical treasures including statues, monuments, plaques, paintings and photographs. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

\$112,534 (2009 - \$107,286) in interest was capitalized to tangible capital assets during the year.

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**The Corporation of the Town of South Bruce Peninsula**  
Notes to Financial Statements

**December 31, 2010**

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**7. Accumulated Surplus**

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

	2010	2009
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$47,415,730	\$ 41,597,400
Unfinanced capital assets	(5,101,016)	(5,340,286)
Capital assets financed by long-term liabilities and to be funded in future years	(1,033,616)	(1,103,413)
Total invested in capital assets	41,281,098	35,153,701
Funds raised for future capital - general	-	475,002
Funds raised for future capital - airport	-	7,499
Unfunded solid waste closure and post-closure costs	(339,781)	(246,709)
General surplus	-	126,583
Waterworks system	-	292,122
Sewage system	(2,394)	133,477
Business improvement areas	9,805	-
Airport	7,652	-
Building department	-	9,232
Parking	-	14,283
	40,956,380	35,965,190
Reserves and reserve funds (Note 8)	7,860,515	6,585,238
Accumulated surplus	<b>\$48,816,895</b>	<b>\$ 42,550,428</b>

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**The Corporation of the Town of South Bruce Peninsula**  
**Notes to Financial Statements**

December 31, 2010

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

	<u>2010</u>	<u>2009</u>
Reserves		
Working funds	\$ 1,775,750	\$ 1,784,203
Insurance, sick leave and WSIB	436,812	386,787
Current purposes	1,357,144	1,020,592
Capital purposes	<u>1,912,851</u>	<u>1,455,225</u>
	5,482,557	4,646,807
Reserve funds		
Capital purposes	<u>2,377,958</u>	<u>1,938,431</u>
Reserves and reserve funds set aside for specific purpose by Council	<u>\$ 7,860,515</u>	<u>\$ 6,585,238</u>

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**The Corporation of the Town of South Bruce Peninsula**  
Notes to Financial Statements

December 31, 2010

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**9. Budgets**

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations and changes in net debt for comparative purposes. The 2010 budget amounts for the Corporation of the Town of South Bruce Peninsula approved by Council have been restated to conform to the presentation of the consolidated statements of operations and changes in net debt. The following is a reconciliation of the budget approved by Council. The budget figures have not been audited.

	2010 Budget	2010 Actual	2009 Actual
Annual surplus (Page 6)	\$ 12,285,441	\$ 6,266,467	\$ 1,701,873
Prior year general surplus	126,583	126,583	409,544
Net transfers from (to) reserves	1,637,595	(1,275,277)	(368,040)
Capital acquisitions, disposals and write-down	(18,737,926)	(7,430,744)	(3,333,188)
Amortization	-	1,612,414	1,509,667
Proceeds from long-term debt	3,390,212	-	-
Debt principal repayments	(70,818)	(69,797)	(125,492)
Change in unfunded liabilities	-	93,072	54,107
Change in other surpluses	1,378,913	434,051	(426,835)
	10,000	(243,231)	(578,364)
Capital projects not funded	-	760,399	1,303,448
Prior year capital projects funded	(10,000)	(999,669)	(116,000)
Funds raised for future capital	-	482,501	(482,501)
	\$ -	\$ -	\$ 126,583

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**The Corporation of the Town of South Bruce Peninsula**  
Notes to Financial Statements

December 31, 2010

10. Government Transfers

	Budget	2010	2009
<b>Operating</b>			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)\$	1,955,300	\$ 2,006,800	\$ 2,036,800
Conditional - Roads	22,000	19,947	20,678
- Sewer and water	-	-	25,000
- Other	121,112	166,597	106,434
	2,098,412	2,193,344	2,188,912
Government of Canada			
Conditional - Other	-	-	1,781
Other Municipalities			
Conditional - Other	60,000	82,390	93,018
<b>Total operating transfers</b>	<b>2,158,412</b>	<b>2,275,734</b>	<b>2,283,711</b>
<b>Capital</b>			
Province of Ontario			
Conditional - Roads	888,885	839,549	812,716
- Sewer and water	3,185,000	418,776	312,344
- Other	1,170,882	866,113	16,667
	5,244,767	2,124,438	1,141,727
Government of Canada			
Federal Gas Tax	20,000	30,979	262,869
Conditional - Roads	1,518,670	1,190,489	18,921
- Sewer and water	3,120,000	214,793	149,263
- Other	1,180,882	876,114	-
	5,839,552	2,312,375	431,053
<b>Total capital transfers</b>	<b>11,084,319</b>	<b>4,436,813</b>	<b>1,572,780</b>
<b>Total transfers</b>	<b>\$ 13,242,731</b>	<b>\$ 6,712,547</b>	<b>\$ 3,856,491</b>

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**The Corporation of the Town of South Bruce Peninsula**  
**Notes to Financial Statements**

**December 31, 2010**

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**11. Other Income**

	2010	2010	2009
	Budget	Actual	Actual
Penalties and interest	\$ 181,000	\$ 236,073	\$ 198,978
Other fines and penalties	78,300	83,380	77,257
Investment income	43,200	79,495	68,638
Licenses, permits and rents	533,156	614,080	538,551
Donations	127,584	70,274	77,026
Capital cost recoveries	-	439,194	-
Sale of publications, mementos, etc.	22,466	17,352	6,089
Gain (loss) on disposal of capital assets	4,200	107,150	(141,930)
Other	35,700	61,862	500
	<b>\$ 1,025,606</b>	<b>\$ 1,708,860</b>	<b>\$ 825,109</b>

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**12. Pension Agreements**

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 43 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS for 2010 by the municipality was \$132,539 (2009 - \$138,055). The contribution rate for 2010 was 6.5% to 10.7% depending on age and income level (2009 - 6.5% to 10.7%).

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2010. At that time the plan reported a \$1.5 billion actuarial deficit (2009 - \$1.5 billion actuarial surplus), based on actuarial liabilities of \$54.3 billion (2009 - \$54.3 billion) and actuarial assets of \$52.8 billion (2009 - \$55.8 billion). Ongoing adequacy of the current contribution rates will need to be monitored and the recent decline in the financial markets may lead to increased future funding requirements.

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**The Corporation of the Town of South Bruce Peninsula**  
**Notes to Financial Statements**

**December 31, 2010**

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**13. Operations of School Boards and the County of Bruce**

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

	<u>2010</u>	<u>2009</u>
School boards	\$ 3,903,173	\$ 3,782,294
County of Bruce	5,745,648	5,695,066
	<u>\$ 9,648,821</u>	<u>\$ 9,477,360</u>

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**14. Wiarton Keppel International Airport Joint Municipal Service Board**

On December 9, 2002 the Town of South Bruce Peninsula and the Township of Georgian Bluffs signed an agreement to form a joint municipal service board to operate and maintain the Wiarton/Keppel District Airport. The Town of South Bruce Peninsula and the Township of Georgian Bluffs have each agreed to share budgeted operating deficits equally. On December 24, 2007 the Town of South Bruce Peninsula notified the Township of Georgian Bluffs of their intention to terminate the agreement. The termination is effective January 1, 2009.

On December 24, 2008 the Council of the Corporation of the Town of South Bruce Peninsula resolved to continue to manage the airport with the Township of Georgian Bluffs until further resolution of Council.

The Township of Georgian Bluffs has registered a Notice of Claim against the title of the Airport lands and premises for damages in the amount of \$550,000. The outcome of this claim is undeterminable at the present time.

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**The Corporation of the Town of South Bruce Peninsula**  
**Notes to Financial Statements**

December 31, 2010

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**15. Contractual Commitments**

- a) The Town of South Bruce Peninsula has entered into a multi-year agreement for residential and commercial garbage collection until December 31, 2013. The cost to the municipality will be:

2011	\$ 354,566
2012	\$ 363,430
2013	\$ 372,515

- b) The Town of South Bruce Peninsula has entered into a multi-year agreement with the Ontario Clean Water Agency for the operation, management and maintenance of its water and sewage systems until December 31, 2013. The cost to the municipality will be:

2011	\$ 730,728
2012	\$ 773,798
2013	\$ 853,858

- c) The Town of South Bruce Peninsula has signed a multi-year agreement for the provision of animal control, paid parking and by-law enforcement services until March 31, 2011. The cost to the municipality will be:

\$102,591 for the period April 1, 2010 to March 31, 2011

- d) The Town of South Bruce Peninsula has signed a multi-year agreement for the covering of its landfill site until November 30, 2011. The cost to the municipality will be \$145,920 annually.
- e) The Wiarton Keppel International Airport Joint Municipal Service Board has entered into an agreement to have the Airport managed for a fee of \$93,426 from April 1, 2011 to December 31, 2011.
- f) The Town of South Bruce Peninsula has entered into an agreement for garbage and recycling collection until December 31, 2013. The cost to the municipality will be approximately \$39,875 per year, adjusted annually in accordance with the Consumer Price Index, for the duration of the agreement.
- g) The Town of South Bruce Peninsula has entered into an agreement for the provision of architect and engineering consulting services for the Wiarton Community Centre and Arena Renovation at a fixed cost of \$198,000 with \$28,231 left to spend. A contract has been entered into for the arena renovations totalling \$1,925,000. As of December 31, 2010 \$1,406,368 had been incurred with \$518,633 left on the contract.

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## The Corporation of the Town of South Bruce Peninsula

### Notes to Financial Statements

December 31, 2010

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#### 15. Contractual Commitments - (continued)

- h) The Town of South Bruce Peninsula has entered into other construction contracts for capital projects totalling \$1,203,008. As of December 31, 2010 \$771,789 had been incurred with \$431,219 left on the contracts.

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#### 16. Contingencies

- a) Several lower tier municipalities on the Bruce Peninsula, including the Town of South Bruce Peninsula, have been named as defendants in a land claim action filed by the Chippewas of Saugeen and Nawash, for damages alleged to total \$92,000,000,000. Also joined as defendants in the action are the Counties of Bruce and Grey, the Province of Ontario and the Dominion of Canada. No breakdown as to each municipalities' relative share of the \$92,000,000,000 has been provided. The likelihood of the success of this action is undeterminable at the present time.
- b) Appeals of the current value assessment of properties in the municipality may be in process. The impact on taxation revenue as a result of 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.
- c) Applications for property tax rebates for vacant commercial and industrial buildings may be in process. The impact on taxation revenue as a result of these rebates is not determinable at this time. The effect on taxation of these rebates will be recorded in the fiscal year in which they can be determined.
- d) The Township of Georgian Bluffs has registered a Notice of Claim against the title of the Airport lands and premises for damages in the amount of \$550,000. The Town of South Bruce Peninsula has registered a counter claim of partition and sale. The outcome of these claims is undeterminable at the present time.

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#### 17. Trust Funds

The trust funds administered by the municipality amounting to \$251,603 (2009 - \$247,082) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations and accumulated surplus.

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## The Corporation of the Town of South Bruce Peninsula

### Notes to Financial Statements

December 31, 2010

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#### 18. Segmented Information

The Town of South Bruce Peninsula 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 Wiarton Keppel International Airport Joint Municipal Service Board.

##### Sewer and Water

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

##### Environmental

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

##### Health

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

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**The Corporation of the Town of South Bruce Peninsula**  
**Notes to Financial Statements**

**December 31, 2010**

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**Recreational and Cultural Services**

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

**Planning and Development**

This department is responsible for planning and zoning including the Official plan. This service area also includes tourist information and promotion, business improvement area, weed control, and drainage.

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

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

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

**OMPF Grants**

Allocated to segments based on the budget for the year

**The Corporation of the Town of South Bruce Peninsula  
Notes to Financial Statements**

**December 31, 2010**

For the year ended December 31, 2010	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2010 Total
<b>Revenue</b>									
Taxation	\$ 911,192	\$ 2,126,113	\$ 2,961,372	\$ -	\$ 531,528	\$ 75,933	\$ 683,393	\$ 303,730	\$ 7,593,261
Fees and user charges	34,314	14,633	308,154	1,488,730	669,865	17,863	343,601	49,288	2,926,448
Specific grants	-	117,141	2,083,316	633,570	76,852	-	1,768,016	26,852	4,705,747
OMPF grant	240,816	561,904	782,652	-	140,476	20,068	180,612	80,272	2,006,800
Other revenue	369,978	568,943	36,646	490,025	4,628	2,663	206,970	29,007	1,708,860
Transfers from obligatory reserve	-	-	-	-	-	-	35,718	-	35,718
	<b>1,556,300</b>	<b>3,388,734</b>	<b>6,172,140</b>	<b>2,612,325</b>	<b>1,423,349</b>	<b>116,527</b>	<b>3,218,310</b>	<b>489,149</b>	<b>18,976,834</b>
<b>Expenses</b>									
Salaries and benefits	831,333	613,688	1,083,337	63,096	333,287	29,203	420,462	203,830	3,578,236
Interest on debt	-	224	-	29,228	-	-	-	385	29,837
Materials and supplies	376,886	219,225	1,470,546	258,747	521,536	44,939	311,475	323,202	3,526,556
Contracted services	-	1,980,373	71,419	749,340	404,365	-	66,353	15,759	3,287,609
Other transfers	-	142,721	-	-	(94,031)	32,183	126,851	9,620	217,344
Rents and financial expenses	44,029	-	227,783	285	161,707	2,891	21,677	-	458,372
Amortization	94,953	129,838	618,937	542,276	59,291	-	157,632	9,486	1,612,413
	<b>1,347,201</b>	<b>3,086,069</b>	<b>3,472,022</b>	<b>1,642,972</b>	<b>1,386,155</b>	<b>109,216</b>	<b>1,104,450</b>	<b>562,282</b>	<b>12,710,367</b>
<b>Annual surplus (deficit)</b>	<b>\$ 209,099</b>	<b>\$ 302,665</b>	<b>\$ 2,700,118</b>	<b>\$ 969,353</b>	<b>\$ 37,194</b>	<b>\$ 7,311</b>	<b>\$ 2,113,860</b>	<b>\$ (73,133)</b>	<b>\$ 6,266,467</b>

**The Corporation of the Town of South Bruce Peninsula  
Notes to Financial Statements**

**December 31, 2009**

For the year ended December 31, 2009	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2009 Total
<b>Revenue</b>										
Taxation	\$ 967,339	\$ 2,141,960	\$ 2,418,342	\$ -	\$ 483,668	\$ 69,095		\$ 483,668	\$ 345,477	\$ 6,909,549
Fees and user charges	57,416	22,541	372,017	1,425,356	576,237	20,111		407,866	22,411	2,903,955
Specific grants	-	93,830	1,017,007	570,436	90,144	-		44,165	4,111	1,819,693
OMPF grant	285,152	631,408	712,880	-	142,576	20,368		142,576	101,840	2,036,800
Other revenue	380,931	483,649	21,581	(179,981)	14,116	3,092		82,050	19,671	825,109
	<b>1,690,838</b>	<b>3,373,388</b>	<b>4,541,827</b>	<b>1,815,811</b>	<b>1,306,741</b>	<b>112,666</b>		<b>1,160,325</b>	<b>493,510</b>	<b>14,495,106</b>
<b>Expenses</b>										
Salaries and benefits	966,583	619,667	1,084,557	65,056	294,266	25,558		434,931	95,820	3,586,438
Interest on debt	-	1,019	751	30,866	-	-		-	289	32,925
Materials and supplies	341,780	295,480	1,770,909	305,000	242,477	140,889		359,587	135,927	3,592,049
Contracted services	-	1,914,620	285,623	739,282	610,030	-		62,725	27,865	3,640,145
Other transfers	-	132,906	(1)	-	(80,524)	94,264	\$ 40,000	91,157	12,120	289,922
Rents and financial expenses	32,785	-	50,974	1	28,332	3,378		26,617	-	142,087
Amortization	96,691	131,581	570,427	458,329	99,916	-		147,891	4,832	1,509,667
	<b>1,437,839</b>	<b>3,095,273</b>	<b>3,763,240</b>	<b>1,598,534</b>	<b>1,194,497</b>	<b>264,089</b>	<b>40,000</b>	<b>1,122,908</b>	<b>276,853</b>	<b>12,793,233</b>
<b>Annual surplus (deficit)</b>	<b>\$ 252,999</b>	<b>\$ 278,115</b>	<b>\$ 778,587</b>	<b>\$ 217,277</b>	<b>\$ 112,244</b>	<b>\$ (151,423)</b>	<b>\$ (40,000)</b>	<b>\$ 37,417</b>	<b>\$ 216,657</b>	<b>\$ 1,701,873</b>

**The Corporation of the Town of South Bruce Peninsula**  
**Schedule of Deferred Revenue**

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

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory Reserve Funds</b>					
Lot levies	\$ 41,278	\$ -	\$ 370	\$ -	\$ 41,648
Recreational land	9,118	52,250	6,439	(35,718)	32,089
Parking revenues	11,501	722	103	-	12,326
	<u>61,897</u>	<u>52,972</u>	<u>6,912</u>	<u>(35,718)</u>	<u>86,063</u>
<b>Other</b>					
Other grants	-	67,887	-	-	67,887
Federal gas tax	-	227,994	-	-	227,994
Investing in Ontario					
Act grant	90,328	-	-	(90,328)	-
Road and bridge infrastructure grant	258,732	-	-	(258,732)	-
	<u>349,060</u>	<u>295,881</u>	<u>-</u>	<u>(349,060)</u>	<u>295,881</u>
	<u>\$ 410,957</u>	<u>\$ 348,853</u>	<u>\$ 6,912</u>	<u>\$ (384,778)</u>	<u>\$ 381,944</u>



The Corporation of the  
Town of South Bruce Peninsula  
Trust Funds  
For the year ended December 31, 2010

The Corporation of the Town of South Bruce Peninsula  
Trust Funds  
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 Town of South Bruce Peninsula

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

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on this financial information based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information is free from material misstatement.

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

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



## Opinion

In our opinion, the financial information presents fairly, in all material respects, the balance sheet for the trust funds of the Town of South Bruce Peninsula as at December 31, 2010 and the statement of continuity for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario  
April 19, 2011

**The Corporation of the Town of South Bruce Peninsula  
Trust Funds  
Balance Sheet**

**December 31, 2010**

Assets	Total	Ontario Home Renewal Program	Cemetery Care and Maintenance
Cash	\$ 237,965	\$ 282	\$ 237,683
Investments (Note 2)	12,700	-	12,700
Loans receivable (Note 3)	3,151	3,151	-
	<b>253,816</b>	<b>3,433</b>	<b>250,383</b>
<b>Liabilities</b>			
Due to Town of South Bruce Peninsula	1,947	16	1,931
Due to Province of Ontario	266	266	-
	<b>2,213</b>	<b>282</b>	<b>1,931</b>
<b>Fund balance</b>	<b>\$ 251,603</b>	<b>\$ 3,151</b>	<b>\$ 248,452</b>

**Statement of Continuity**

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

	Total	Ontario Home Renewal Program	Cemetery Care and Maintenance
Balance, beginning of the year	\$ 247,082	\$ 3,429	\$ 243,653
<b>Receipts</b>			
Interest earned	4	4	-
Plot sales	4,799	-	4,799
	<b>4,803</b>	<b>4</b>	<b>4,799</b>
<b>Expenses</b>			
Administration fees	16	16	-
Transfer to Province of Ontario	266	266	-
	<b>282</b>	<b>282</b>	<b>-</b>
<b>Balance, end of the year</b>	<b>\$ 251,603</b>	<b>\$ 3,151</b>	<b>\$ 248,452</b>

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 Town of South Bruce Peninsula  
Trust Funds  
Notes to Financial Statements**

**December 31, 2010**

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**1. Summary of Significant Accounting Policies**

**Basis of Accounting**

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

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

**Use of Estimates**

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

**Basis of Consolidation**

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

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**The Corporation of the Town of South Bruce Peninsula  
Trust Funds  
Notes to Financial Statements**

**December 31, 2010**

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**2. Investments**

The total investments of \$12,700 (2009 - \$22,169) reported on the Balance Sheet at cost have a market value of \$12,700 (2009 - \$22,169) at the end of the year.

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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 \$3,151 (2009 - \$3,429).

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 1 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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**Warton Keppel International Airport  
Joint Municipal Service Board  
Financial Statements  
For the year ended December 31, 2010**



Wiarthon Keppel International Airport  
Joint Municipal Service Board  
Financial Statements  
For the year ended December 31, 2010

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## Independent Auditor's Report

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### To the Commissioners of the Wiarton Keppel International Airport Joint Municipal Service Board

We have audited the accompanying financial statements of the Wiarton Keppel International Airport Joint Municipal Service Board, which comprise the consolidated statement of financial position as at December 31, 2010, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.



## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Wiarton Keppel International Airport Joint Municipal Service Board as at December 31, 2010 and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario  
April 19, 2011

**Warton Keppel International Airport  
Joint Municipal Service Board  
Statement of Financial Position**

December 31	2010	2009
<b>Financial assets</b>		
Cash	\$ 150	\$ 150
Trade and other receivables	15,602	10,190
Inventory held for resale	41,496	39,769
	<u>57,248</u>	<u>50,109</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	8,019	11,828
Due to supporting municipalities	18,928	24,708
	<u>26,947</u>	<u>36,536</u>
<b>Net financial assets</b>	<u>30,301</u>	<u>13,573</u>
<b>Non financial assets</b>		
Prepaid expenses	-	24,661
Tangible capital assets (Note 1)	161,759	156,644
	<u>161,759</u>	<u>181,305</u>
<b>Accumulated surplus (Note 2)</b>	<u>\$ 192,060</u>	<u>\$ 194,878</u>

**Warton Keppel International Airport  
Joint Municipal Service Board  
Statement of Operations and Accumulated Surplus**

<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>			
Contributions from municipalities			
Town of South Bruce Peninsula	\$ 58,801	\$ 58,801	\$ 61,512
Township of Georgian Bluffs	58,800	58,801	61,512
Sale of fuel	194,000	175,057	207,616
Land leases and rentals	65,000	56,326	52,910
Landing fees and parking	3,500	3,965	3,259
Promotional events	-	-	56,674
Other income	2,000	803	1,102
	<u>382,101</u>	<u>353,753</u>	<u>444,585</u>
<b>Expenses</b>			
Advertising	1,000	600	55
Amortization of capital assets	14,000	16,009	14,998
Audit fees	2,800	11,214	2,300
Fuel	170,000	139,905	164,276
Insurance	5,600	5,293	5,553
Maintenance and repairs	26,200	22,506	23,506
Management contract	98,644	99,512	91,432
Miscellaneous	1,000	47	4,110
Office, administration and telephone	13,463	12,635	12,688
Promotional events	-	-	61,773
Property taxes	8,100	8,676	8,080
Utilities	33,000	34,916	37,620
Vehicle expense - fuel	10,800	5,258	5,987
	<u>384,607</u>	<u>356,571</u>	<u>432,378</u>
<b>Annual surplus (deficit) (Note 4)</b>	<b>(2,506)</b>	<b>(2,818)</b>	<b>12,207</b>
<b>Accumulated surplus, beginning of year</b>	<b>194,878</b>	<b>194,878</b>	<b>182,671</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 192,372</b>	<b>\$ 192,060</b>	<b>\$ 194,878</b>

**Warton Keppel International Airport  
Joint Municipal Service Board  
Statement of Changes in Net Debt**

<b>For the year ended December 31</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>
	Budget	Actual	Actual
<b>Annual surplus (Page 5)</b>	\$ (2,506)	\$ (2,818)	\$ 12,207
Acquisition of tangible capital assets	30,000	(21,124)	(9,271)
Amortization of tangible capital assets	14,000	16,009	14,998
	<u>44,000</u>	<u>(5,115)</u>	<u>5,727</u>
Change in prepaid expenses	-	24,661	(24,661)
<b>Increase (decrease) in net debt</b>	41,494	16,728	(6,727)
<b>Net financial assets, beginning of the year</b>	13,573	13,573	20,300
<b>Net financial assets, end of the year</b>	<u>\$ 55,067</u>	<u>\$ 30,301</u>	<u>\$ 13,573</u>

**Warton Keppel International Airport  
Joint Municipal Service Board  
Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2010</b>	<b>2009</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus	\$ (2,818)	\$ 12,207
Items not involving cash		
Amortization	<u>16,009</u>	<u>14,998</u>
	13,191	27,205
Changes in non-cash working capital balances		
Trade and other receivables	(5,412)	(7,752)
Inventory held for resale	(1,727)	4,104
Accounts payable and accrued liabilities	(3,809)	1,563
Due to supporting municipalities	(5,780)	8,812
Prepaid expenses	<u>24,661</u>	<u>(24,661)</u>
	21,124	9,271
<b>Capital transactions</b>		
Cash used to acquire capital assets	<u>(21,124)</u>	<u>(9,271)</u>
<b>Net change in cash and cash equivalents</b>	-	-
<b>Cash and cash equivalents, beginning of year</b>	<u>150</u>	<u>150</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 150</u>	<u>\$ 150</u>

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**Warton Keppel International Airport  
Joint Municipal Service Board  
Summary of Significant Accounting Policies**

**December 31, 2010**

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<b>Management Responsibility</b>	The financial statements of the Warton Keppel International Airport Joint Municipal Service Board are the representations of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.
<b>Use of Estimates</b>	The preparation of financial statements in accordance with Canadian public sector accounting standards 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>Basis of Consolidation</b>	The Warton Keppel International Airport Joint Municipal Service Board has been proportionately consolidated with the financial statements of The Corporation of the Town of South Bruce Peninsula and the Corporation of the Township of Georgian Bluffs.
<b>Basis of Accounting</b>	Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
<b>Inventory</b>	<p>Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.</p> <p>Inventory held for consumption is recorded at the lower of cost and replacement cost.</p>



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**Warton Keppel International Airport  
Joint Municipal Service Board  
Summary of Significant Accounting Policies**

**December 31, 2010**

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<b>Tangible Capital Assets</b>	<p>Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by Council. The following rates are used:</p> <table><tr><td>Buildings</td><td>50 years</td></tr><tr><td>Equipment</td><td>15 years</td></tr><tr><td>Vehicles</td><td>10 years</td></tr></table> <p>Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.</p>	Buildings	50 years	Equipment	15 years	Vehicles	10 years
Buildings	50 years						
Equipment	15 years						
Vehicles	10 years						
<b>Revenue Recognition</b>	<p>User fees and other revenues are recognized when related goods or services are provided and collectibility is reasonably assured.</p>						
<b>Government Transfers</b>	<p>Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, and eligibility criteria have been met and reasonable estimates can be made.</p>						

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**Warton Keppel International Airport  
Joint Municipal Service Board  
Notes to Financial Statements**

December 31, 2010

**1. Tangible Capital Assets**

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 2	\$ -	\$ 2	\$ -
Land Improvements	20,197	-	3	-
Buildings	246,215	108,569	245,285	100,935
Equipment	301,950	298,036	301,950	289,661
Vehicles	38,030	38,030	38,030	38,030
	<b>\$ 606,394</b>	<b>\$ 444,635</b>	<b>\$ 585,270</b>	<b>\$ 428,626</b>
Net book value		<b>\$ 161,759</b>		<b>\$ 156,644</b>

**2. Accumulated Surplus**

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2010	2009
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 161,759	\$ 156,644
Unfinanced capital assets	-	(9,271)
Available to fund future capital expenses	-	14,998
	161,759	162,371
General surplus	15,303	-
	177,062	162,371
Reserves and reserve funds (Note 3)	14,998	32,507
Accumulated surplus	<b>\$ 192,060</b>	<b>\$ 194,878</b>

**Warton Keppel International Airport  
Joint Municipal Service Board  
Notes to Financial Statements**

December 31, 2010

**3. Reserves and Reserve Funds Set Aside for Specific Purpose  
by Joint Municipal Service Board**

	2010	2009
Reserves		
Working funds	\$ 14,998	\$ 32,507

**4. Budgets**

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the statement of operations and changes in net debt for comparative purposes. The 2010 budget amounts for the Warton Keppel International Airport Joint Municipal Service Board approved by the Board have been restated to conform to the presentation of the statements of operations and changes in net debt. The following is a reconciliation of the budget approved by the Board. The budget figures have not been audited.

	2010 Budget	2010 Actual	2009 Actual
Annual surplus (deficit) (Page 5)	\$ (2,506)	\$ (2,818)	\$ 12,207
Prior year general surplus	-	-	20,300
Capital acquisitions, disposals and write-down	(30,000)	(21,124)	(9,271)
Amortization	-	16,009	-
	(32,506)	(7,933)	23,236
Capital projects not funded	-	-	9,271
Prior year capital projects funded	-	(9,271)	-
Surplus before transfers to reserves	(32,506)	(17,204)	32,507
Surplus transfers from (to) reserve	32,506	32,507	(32,507)
	\$ -	\$ 15,303	\$ -

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**Warton Keppel International Airport  
Joint Municipal Service Board  
Notes to Financial Statements**

**December 31, 2010**

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**5. Agreement**

On December 9, 2002 the Town of South Bruce Peninsula and the Township of Georgian Bluffs signed an agreement to form a joint municipal service board to operate and maintain the Warton/Keppel District Airport. The Town of South Bruce Peninsula and the Township of Georgian Bluffs have each agreed to share budgeted operating deficits equally. This agreement shall remain in force until termination by either party. Termination will be deemed to be effective on January 1st of the year following delivery of written notice of termination by one party to the other party. On December 24, 2007 the Town of South Bruce Peninsula notified the Township of Georgian Bluffs of their intention to terminate the agreement. The termination was effective January 1, 2009. On December 8, 2008 Council passed a motion to continue to manage the airport with Georgian Bluffs from day-to-day until further resolution of Council.

The Township of Georgian Bluffs has registered a Notice of Claim against the title of the Airport lands and premises. The outcome of this claim is undeterminable at the present time.

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**6. Commitments**

The Warton Keppel International Airport Joint Municipal Service Board has entered into an agreement to have the Airport managed for an annual fee of \$93,426 from April 1, 2011 to December 31, 2011.

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