

**WIARTON KEPPEL INTERNATIONAL  
AIRPORT JOINT MUNICIPAL  
SERVICE BOARD**

**FINANCIAL REPORT  
DECEMBER 31, 2011**

# WIARTON KEPPEL INTERNATIONAL AIRPORT JOINT MUNICIPAL SERVICE BOARD

DECEMBER 31, 2011

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**GAVILLER & COMPANY LLP**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

To the Commissioners, Members of Council, Inhabitants and Ratepayers of the Participating Municipalities of **Wiarnton Keppel International Airport Joint Municipal Service Board**:

**Report on the Financial Statements**

We have audited the accompanying financial statements of Wiarnton Keppel International Airport Joint Municipal Service Board, which comprise the statement of financial position as at December 31, 2011, and the statement of operations, statements of changes in net debt and cash flow statement 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission'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 Commission'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 Wiarnton Keppel International Airport Joint Municipal Service Board as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Gaviller & Company LLP*

Licensed Public Accountants

Walkerton, Ontario

April 17, 2012

# WIARTON KEPPEL INTERNATIONAL AIRPORT JOINT MUNICIPAL SERVICE BOARD

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2011

	2011	2010
	\$	\$
<b>Financial assets</b>		
Cash	100	150
Trade and other receivables	24,523	15,602
Inventory held for resale	40,910	41,496
	65,533	57,248
<b>Liabilities</b>		
Accounts payable and accrued liabilities	4,437	8,019
Due to supporting municipalities	25,908	18,928
	30,345	26,947
Net financial assets	35,188	30,301
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1 and Note 3)	155,993	161,759
Airport - Prepaid Expenses	10,627	-
	201,808	192,060
<b>Accumulated surplus (Note 5)</b>	201,808	192,060

Approved \_\_\_\_\_ Commissioner  
 \_\_\_\_\_ Commissioner

The accompanying notes are an integral part of  
these financial statements

# WIARTON KEPPEL INTERNATIONAL AIRPORT JOINT MUNICIPAL SERVICE BOARD

## CONSOLIDATED STATEMENT OF OPERATIONS AS AT DECEMBER 31, 2011

	Budget 2011	Actual 2011	Actual 2010
	\$ (Note 4)	\$	\$
<b>Revenues</b>			
Contributions from municipalities (Note 6)	158,780	<b>158,780</b>	117,602
Sale of fuel	195,000	<b>206,147</b>	175,057
Land leases and rentals	64,500	<b>58,771</b>	56,326
Landing fees and parking	3,500	<b>4,990</b>	3,965
Other Income	500	<b>2,678</b>	803
	422,280	<b>431,366</b>	353,753
<b>Expenses</b>			
Advertising	1,000	<b>50</b>	600
Amortization	-	<b>14,015</b>	16,009
Audit fees	6,000	<b>4,579</b>	11,214
Fuel	150,000	<b>171,538</b>	139,905
Insurance	5,600	<b>5,293</b>	5,293
Maintenance and repairs	82,200	<b>52,880</b>	22,506
Management contract (Note 8)	110,000	<b>120,166</b>	99,512
Miscellaneous	500	<b>738</b>	47
Office, administration and telephone	12,890	<b>12,272</b>	12,635
Property taxes	9,000	<b>9,364</b>	8,676
Utilities	38,000	<b>32,284</b>	34,916
Vehicle expense - fuel	7,600	<b>6,688</b>	5,258
	422,790	<b>429,867</b>	356,571
<b>Net revenues (expenses)</b>	<b>(510)</b>	<b>1,499</b>	<b>(2,818)</b>
<b>Other</b>			
Grants and transfers related to capital			
Capital receipts (Note 6)	-	<b>8,249</b>	-
<b>Annual surplus (deficit)</b>	<b>(510)</b>	<b>9,748</b>	<b>(2,818)</b>
<b>Accumulated surplus, beginning of year</b>	<b>192,060</b>	<b>192,060</b>	<b>194,878</b>
<b>Accumulated surplus, end of year (Note 5)</b>	<b>191,550</b>	<b>201,808</b>	<b>192,060</b>

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# WIARTON KEPPEL INTERNATIONAL AIRPORT JOINT MUNICIPAL SERVICE BOARD

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2011

	Budget 2011	Actual 2011	Actual 2010
	\$ (Note 4)	\$	\$
Annual surplus (deficit)	(510)	<b>9,748</b>	(2,818)
Acquisition of tangible capital assets	-	<b>(8,249)</b>	(21,124)
Amortization of tangible capital assets	-	<b>14,015</b>	16,009
Use of prepaid expense	-	-	24,661
Acquisition of prepaid expense	-	<b>(10,627)</b>	-
Change in net financial assets	(510)	<b>4,887</b>	16,728
Net financial assets, beginning of year	-	<b>30,301</b>	13,573
Net financial assets, end of year	(510)	<b>35,188</b>	30,301

The accompanying notes are an integral part of  
these financial statements

# WIARTON KEPPEL INTERNATIONAL AIRPORT JOINT MUNICIPAL SERVICE BOARD

## CONSOLIDATED STATEMENT OF CASH FLOW AS AT DECEMBER 31, 2011

	2011	2010
	\$	\$
<b>Cash flows from (for):</b>		
<b>Operating activities</b>		
Annual surplus(deficit)	9,748	(2,818)
Non-cash items:		
Amortization	14,015	16,009
Changes in:		
Trade and other receivables	(8,921)	(5,412)
Inventory held for resale	585	(1,727)
Accounts payable and accrued liabilities	(3,581)	(3,809)
Due to supporting municipalities	6,980	(5,780)
Prepaid expenses	(10,627)	24,661
<b>Net change in cash from operations</b>	<b>8,199</b>	<b>21,124</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(8,249)	(21,124)
<b>Net change in cash from capital</b>	<b>(8,249)</b>	<b>(21,124)</b>
<b>Net change in cash position</b>	<b>(50)</b>	<b>-</b>
Cash, beginning of year	150	150
<b>Cash, end of year</b>	<b>100</b>	<b>150</b>

The accompanying notes are an integral part of  
these financial statements

# WIARTON KEPPEL INTERNATIONAL AIRPORT JOINT MUNICIPAL SERVICE BOARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

### 1. Nature of operations

The Wiarnton Keppel International Airport Joint Municipal Service Board ("the Board") is incorporated without share capital under the laws of the Province of Ontario. The airport is located in Wiarnton and is managed by a board of commissioners consisting of representatives from the two municipalities identified in Note 7 to the financial statements. The airport is a non-profit organization exempt from income tax.

### 2. Summary of significant accounting policies

The financial statements of Wiarnton Keppel International Airport Joint Municipal Service Board are the representation of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the Board and the changes thereto. The statement of financial position includes all the assets and liabilities of the Board. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Accumulated surplus represents the financial position and is the difference between assets and liabilities. This provides information about the Board's overall future revenue requirements and its ability to finance activities and meet its obligations. Significant aspects of the accounting policies adopted by the Board are as follows

(a) Basis of accounting

Sources of financing and expenditures 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 held for sale

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

(c) Revenue recognition

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

(d) Government grants

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

(e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.



# WIARTON KEPPEL INTERNATIONAL AIRPORT JOINT MUNICIPAL SERVICE BOARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

### 2. Summary of significant accounting policies (continued)

(f) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the consolidated change in net financial assets for the year.

(i) Tangible capital assets

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

Buildings	- 50 years
Equipment	- 15 years
Vehicles	- 10 years

(ii) Contribution of tangible capital assets

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

(g) Basis of consolidation

The Wiarnton 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.

(h) Financial Instruments

The Board's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates carrying value unless otherwise noted.

### 3. Tangible capital assets

Schedule 1 provides information on the tangible capital assets of the Board by major asset class, as well as for accumulated amortization of the assets controlled.

### 4. Budget amounts

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the statement of financial activities for comparative purposes. The 2011 budget amounts for the Wiarnton Keppel International Airport Joint Municipal Service Board approved by the Board and have been restated to conform to the basis of preparation of the revenues and expenditures on the statement of financial activities. The budget numbers have not been audited.

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

# WIARTON KEPPEL INTERNATIONAL AIRPORT JOINT MUNICIPAL SERVICE BOARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

	Budget 2011	Actual 2011	Actual 2010
	\$	\$	\$
Annual surplus (deficit)	(510)	<b>9,748</b>	(2,818)
Prior year general surplus	-	<b>15,303</b>	-
Capital acquisitions, disposals and write-down	-	<b>(8,249)</b>	(21,124)
Amortization	-	<b>14,015</b>	16,009
Subtotal	(510)	<b>30,817</b>	(7,933)
Prior year capital projects funded	-	-	(9,271)
Surplus before transfers to reserves	(510)	<b>30,817</b>	(17,204)
Surplus transfer from (to) reserve	-	-	32,507
	(510)	<b>30,817</b>	15,303

### 5. Accumulated surplus

The accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2011	2010
	\$	\$
Surplus:		
Invested in tangible capital assets	<b>155,993</b>	161,759
General area surplus	<b>30,817</b>	15,303
Total surplus	<b>186,810</b>	177,062
Reserves set aside for specific purposes by Council		
Current purposes	<b>14,998</b>	14,998
Total reserves	<b>14,998</b>	14,998
<b>Total accumulated surplus</b>	<b>201,808</b>	192,060

# WIARTON KEPPEL INTERNATIONAL AIRPORT JOINT MUNICIPAL SERVICE BOARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

### 6. Contributions received from participating Municipalities

	2011		2010	
	\$	%	\$	%
<b>Contributions</b>				
Town of South Bruce Peninsula	79,390	50.000	58,801	50.000
Township of Georgian Bluffs	79,390	50.000	58,801	50.000
	158,780	100.000	117,602	100.000
<b>Capital Grants</b>				
Town of South Bruce Peninsula	4,124	50.000	-	-
Township of Georgian Bluffs	4,124	50.000	-	-
	8,248	100.000	-	-
	167,028		117,602	

### 7. 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 Wiarnton/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 Towns 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 Town of South Bruce Peninsula and the Township of Georgian Bluffs have entered into an agreement to exchange certain lots in Georgian Bluffs for the Town of South Bruce of Peninsula's 50% ownership of the airport. The agreement has to go through various approvals at the County level and it is unclear when these approvals will be finalized.

### 8. Commitments

The Wiarnton Keppel International Airport Joint Municipal Service Board has entered into an agreement to have the airport managed for an annual fee (expires March 31, 2014).

2012	\$120,000
2013	120,000
2014	26,525

**WIARTON KEPPEL INTERNATIONAL AIRPORT  
JOINT MUNICIPAL SERVICE BOARD**

**SCHEDULE 1  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31**

	Land	Land Improvements	Buildings	Equipment	Vehicles	2011 Total	2010 Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>							
Balance, beginning of year	2	20,197	246,215	301,950	38,030	<b>606,394</b>	585,270
Additions	-	-	-	8,249	-	<b>8,249</b>	21,124
Balance, end of year	2	20,197	246,215	310,199	38,030	<b>614,643</b>	606,394
<b>Accumulated amortization</b>							
Balance, beginning of year	-	1,010	108,701	296,894	38,030	<b>444,635</b>	428,626
Amortization	-	2,019	7,912	4,084	-	<b>14,015</b>	16,009
Balance, end of year	-	3,029	116,613	300,978	38,030	<b>458,650</b>	444,635
Net book value, end of year	2	17,168	129,602	9,221	-	<b>155,993</b>	161,759

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these financial statements