

**The Corporation of the
Township of Alberton
Financial Statements
For the year ended
December 31, 2010**

**The Corporation of the Township of
Alberton
Financial Statements
For the year ended December 31, 2010**

Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations	4
Statement of Change in Net Financial Assets	5
Statement of Cash Flows	6
Summary of Significant Accounting Policies	7 - 9
Notes to Financial Statements	10 - 20



Tel: 807 274 9848
Fax: 807 274 5142
www.bdo.ca

BDO Canada LLP
375 Scott Street
Fort Frances ON P9A 1H1 Canada

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Alberton

We have audited the accompanying financial statements of the Corporation of the Township of Alberton as at December 31, 2010, which comprise the Statement of Financial Position as at December 31, 2010, and the Statement of Operations, Statement of Change in Net Financial Assets and Statement of 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 of 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 judgement, 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 accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the 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 Corporation of the Township of Alberton as at December 31, 2010, and their financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO CANADA LLP

Chartered Accountants, Licensed Public Accountants

Fort Frances, Ontario
March 9, 2011

**The Corporation of the Township of Alberton
Statement of Financial Position**

December 31	2010	2009
Financial assets		
Cash and cash equivalents	\$ 121,087	\$ 69,890
Taxes receivable	29,294	23,215
Accounts receivable	54,250	226,664
Investments (Note 1)	434,973	377,054
	639,604	696,823
Liabilities		
Accounts payable and accrued liabilities	34,410	18,620
Deferred revenue (Note 2)	96,365	96,365
	130,775	114,985
Net financial assets	508,829	581,838
Non-financial assets		
Tangible capital assets (Note 3)	2,083,375	1,858,638
Accumulated surplus (Note 4)	\$ 2,592,204	\$ 2,440,476
 Contingencies (Note 6)		
Commitments (Note 7)		

_____ Treasurer _____ Reeve

The Corporation of the Township of Alberton Statement of Operations

For the year ended December 31	Budget 2010	2010	2009
	(Note 8)		
Revenue			
Taxation	\$ 664,107	\$ 672,832	\$ 652,213
Government grants - Federal	121,470	112,421	109,782
Government grants - Provincial	255,392	260,381	444,315
Municipal grants	3,050	1,395	2,348
User fees and service charges	4,550	8,583	6,186
Permits, licenses and fines	4,400	9,849	4,820
Investment income	7,000	18,103	21,095
Provincial offences	8,000	11,569	9,119
Penalties and interest on tax	4,300	5,947	4,048
Miscellaneous	-	399	-
	<u>1,072,269</u>	<u>1,101,479</u>	<u>1,253,926</u>
Expenses			
General government	182,216	217,903	196,462
Protection services	211,062	148,627	127,974
Transportation services	232,345	209,913	267,039
Health services	162,056	164,271	166,210
Social and family services	103,192	103,628	128,395
Social housing	60,797	61,215	59,742
Recreation and cultural services	29,825	33,641	18,671
Planning and development	9,614	10,553	8,741
	<u>991,107</u>	<u>949,751</u>	<u>973,234</u>
Annual surplus	<u>81,162</u>	<u>151,728</u>	<u>280,692</u>
Accumulated surplus, beginning of year	<u>2,440,476</u>	<u>2,440,476</u>	<u>2,159,784</u>
Accumulated surplus, end of year	<u>\$ 2,521,638</u>	<u>\$ 2,592,204</u>	<u>\$ 2,440,476</u>

**The Corporation of the Township of Alberton
Statement of Change in Net Financial Assets**

For the year ended December 31	Budget 2010	2010	2009
	(Note 8)		
Annual surplus	\$ 81,162	\$ 151,728	\$ 280,692
Acquisition of tangible capital assets	(397,352)	(397,352)	(507,443)
Amortization of tangible capital assets	172,615	172,615	144,920
Loss on disposal of tangible capital assets	-	-	20,117
Net change in net financial assets	(143,575)	(73,009)	(61,714)
Net financial assets, beginning of year	581,838	581,838	643,552
Net financial assets, end of year	\$ 438,263	\$ 508,829	\$ 581,838

The Corporation of the Township of Alberton Statement of Cash Flows

For the year ended December 31	2010	2009
Operating transactions		
Annual surplus	\$ 151,728	\$ 280,692
Items not involving cash		
Amortization	172,615	144,920
Loss on disposal of tangible capital assets	-	20,117
Changes in non-cash operating balances		
Taxes receivable	(6,079)	(10,003)
Accounts receivable	172,414	(197,240)
Accounts payable and accrued liabilities	15,790	(20,469)
Deferred revenue	-	(50,646)
	<u>506,468</u>	<u>167,371</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(397,352)</u>	<u>(507,443)</u>
Investing transactions		
Proceeds on disposition of investments	69,284	318,004
Acquisition of investments	<u>(127,203)</u>	<u>(87,980)</u>
	<u>(57,919)</u>	230,024
Net change in cash and cash equivalents	51,197	(110,048)
Cash and cash equivalents, beginning of year	<u>69,890</u>	<u>179,938</u>
Cash and cash equivalents, end of year	<u>\$ 121,087</u>	<u>\$ 69,890</u>

The Corporation of the Township of Alberton

Summary of Significant Accounting Policies

December 31, 2010

Management's

Responsibility for the Financial Statements

The financial statements of the Corporation of the Township of Alberton are the representations of management. They have been prepared in accordance with Canadian accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Basis of Consolidation

The statements reflect the assets, liabilities, revenues and expenditures of all municipal organizations, committees, and boards which are owned or controlled by Council.

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 expenditures are reflected in the financial statements using the proportionate consolidation method. No proportionate interest or government partnerships are reflected in the financial statements.

The following boards are not consolidated:

Northwestern Health Unit
Rainy River District Social Services Administration Board

Government business enterprises and partnerships are separate legal entities which do not rely on the Municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. No government business enterprises are reflected in the financial statements.

Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

The statement of financial position reflects all of the financial assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. 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 excess of revenues over expenses, provides the change in net financial assets for the year. Accumulated surplus represents the financial position of the Municipality, and is the difference between its' assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its' ability to finance activities and meet its' obligations.

The Corporation of the Township of Alberton Summary of Significant Accounting Policies

December 31, 2010

**Cash and Cash
Equivalents**

The policy of the Corporation is to disclose bank balances under cash and cash equivalents including bank overdrafts and lines of credit with balances that fluctuate frequently from being positive to being overdrawn and temporary investments with a maturity of three months or less from the date of acquisition.

Investments

The Municipality accounts for its investments at cost. The carrying value of an investment is written down to its net recoverable amount if a decline in value is judged to be other than temporary.

**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 declining balance in accordance with the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	4%
Roads	3.5% to 8%
Machinery and equipment	20% to 30%
Vehicles	20%

**Revenue
Recognition**

The Municipality prepares property tax billings based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC), in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized in the period in which the taxes are levied.

User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

The Corporation of the Township of Alberton 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 statement of financial position. The revenue is recognized in the 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 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.
- School Boards** The Municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.
- 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 Township of Alberton Notes to Financial Statements

December 31, 2010

1. Investments

	2010	2009
Investments, restricted by council resolution	\$ 434,973	\$ 377,054

The income from investments for the year was \$11,550 (2009 - \$12,208). The market value of the Municipality's investments was \$432,210 (2009 - \$382,780).

Certain surplus funds are set aside by by-laws or council resolution for specific purposes and referred to as reserve funds. Investments restricted by council resolution represent the assets that are maintained in respect of those reserve funds. (Note 4)

2. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 95,500	\$ 58,773	\$ 2,705	\$ (60,613)	\$ 96,365
Other	865	-	-	(865)	-
	\$ 96,365	\$ 58,773	\$ 2,705	\$ (61,478)	\$ 96,365

Federal Gas Tax

The Federal Government advances the Municipality funding related to gasoline tax. This funding must be spent on approved infrastructure projects. The funding can be deferred for a maximum of 3 years.

**The Corporation of the Township of Alberton
Notes to Financial Statements**

December 31, 2010

3. Tangible Capital Assets	2010							
	Land	Buildings	Equipment	Roads	Culverts and bridges	Vehicles	Other	Total
Cost, beginning of year	\$ 28,508	\$ 466,395	\$ 196,314	\$ 1,779,549	\$ 995,421	\$ 214,898	-	\$ 3,681,085
Additions	-	157,027	60,185	133,947	5,430	40,763	-	397,352
Disposals	-	-	-	-	-	-	-	-
Cost, end of year	28,508	623,422	256,499	1,913,496	1,000,851	255,661	-	4,078,437
Accumulated amortization, beginning of year	-	159,570	117,638	767,431	605,451	172,357	-	1,822,447
Amortization Disposals	-	17,220	31,519	76,297	31,760	15,819	-	172,615
Accumulated amortization, end of year	-	176,790	149,157	843,728	637,211	188,176	-	1,995,062
Net carrying amount, end of year	\$ 28,508	\$ 446,632	\$ 107,342	\$ 1,069,768	\$ 363,640	\$ 67,485	-	\$ 2,083,375

**The Corporation of the Township of Alberton
Notes to Financial Statements**

December 31, 2010

								2009
	Land	Buildings	Equipment	Roads	Culverts and bridges	Vehicles	Other	Total
Cost, beginning of year	\$ 28,508	\$ 373,912	\$ 154,154	\$ 1,583,189	\$ 967,796	\$ 214,898	-	\$ 3,322,457
Additions	-	92,483	42,160	196,360	176,440	-	-	507,443
Disposals	-	-	-	-	(148,815)	-	-	(148,815)
Cost, end of year	28,508	466,395	196,314	1,779,549	995,421	214,898	-	3,681,085
Accumulated amortization, beginning of year	-	148,937	97,931	693,153	712,078	154,126	-	1,806,225
Amortization	-	10,633	19,707	74,278	22,071	18,231	-	144,920
Disposals	-	-	-	-	(128,698)	-	-	(128,698)
Accumulated amortization, end of year	-	159,570	117,638	767,431	605,451	172,357	-	1,822,447
Net carrying amount, end of year	\$ 28,508	\$ 306,825	\$ 78,676	\$ 1,012,118	\$ 389,970	\$ 42,541	\$ -	\$ 1,858,638

The Corporation of the Township of Alberton Notes to Financial Statements

December 31, 2010

4. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	<u>2010</u>	<u>2009</u>
Investment in tangible capital assets	\$ 2,083,375	\$ 1,858,638
Current funds	-	23,151
Reserve funds		
Capital purposes	379,376	364,285
Working capital reserve	105,950	105,950
Other reserves		
Capital projects	21,977	74,726
Contingencies	1,526	4,000
Volunteer fire department	-	9,726
	<u>\$ 2,592,204</u>	<u>\$ 2,440,476</u>

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

Reserve funds represent funds set aside by by-law or council resolution for specific purposes.

5. Expenses by Object

	<u>2010</u>	<u>2009</u>
Salaries, wages and employee benefits	\$ 142,466	\$ 133,763
Materials	118,412	133,836
Contracted services	149,088	148,810
Rents and financial expenses	31,407	51,244
Contributions to other organizations	335,763	360,661
Amortization	172,615	144,920
	<u>\$ 949,751</u>	<u>\$ 973,234</u>

The Corporation of the Township of Alberton Notes to Financial Statements

December 31, 2010

6. Contingencies

A lawsuit has been filed against the Corporation for incidents which arose in the ordinary course of business. In the opinion of management and legal counsel, the outcome of the lawsuit, now pending, is not determinable. Should any losses result from the resolution of this claim, such losses will be charged to the statement of operations in the year of resolution.

7. Commitments

As a result of the restructuring of Rainycrest Home for the Aged, the Corporation has agreed to annual contributions to Riverside Health Care Facilities, Inc. for support of Long-Term Care Programs and Services, until the period ending December 31, 2016.

The committed annual payments for the next five years and thereafter are as follows:

Year	Amount
2011	\$34,022
2012	\$28,352
2013	\$22,681
2014	\$17,011
2015	\$11,341
Thereafter	\$ 5,670

8. Budget

The Financial Plan (Budget) By-Law adopted by Council on June 9, 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 did not include 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 June 9, 2010, with adjustments as follows:

	2010
Financial Plan (Budget) By-Law deficit for the year	\$ (23,151)
Add:	
Tangible capital asset additions	397,352
Less:	
Budgeted transfers from reserves and reserve funds	(120,424)
Amortization	(172,615)
Budget surplus per statement of operations	\$ 81,162

The Corporation of the Township of Alberton Notes to Financial Statements

December 31, 2010

9. Operations of School Boards

During the year, the following taxation revenue was raised and remitted:

	<u>2010</u>	<u>2009</u>
School boards	<u>\$ 229,361</u>	<u>\$ 238,440</u>

10. Contributions to Unconsolidated Boards

The following contributions were made by the Municipality to these boards.

	<u>2010</u>	<u>2009</u>
Northwestern Health Unit	\$ 49,591	\$ 50,146
Rainy River District Social Services Administration Board	<u>237,832</u>	<u>256,838</u>
	<u>\$ 287,423</u>	<u>\$ 306,984</u>

11. Comparatives

Certain prior year balances have been reclassified to reflect changes in current year's presentation.

The Corporation of the Township of Alberton Notes to Financial Statements

December 31, 2010

12. Segmented Information

The Corporation of the Township of Alberton is a diversified municipal government institution that provides a wide range of services to its citizens. The management of the Municipality considers decisions based on separate service areas. These service areas are: general government, protection services, transportation services, health services, social and family services, social housing, recreation and cultural services and planning and development.

Descriptions of the services and funds that management bases their decisions on, are as follows:

General Government

General government consists of governance, Corporate management and program support. These categories relate to operations of all of the various programs and services that the Municipality offers to its citizens.

Protection Services

Protection is comprised of police service and fire protection. Police service is contracted out to the Ontario Provincial Police. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education related to prevention, detection or extinguishment of fires. The members of the fire department consist of volunteers.

Transportation Services

The transportation services area provides construction and maintenance of roadways throughout the Municipality.

Health Services

Health services are comprised of public health services and ambulance service. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

Social and Family Services

Social and family services are comprised of general assistance, childcare and assistance to the aged. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

Social Housing

The Municipality contributes to a local board, which provides social housing if the citizens of the Corporation of the Township of Alberton require the service.

The Corporation of the Township of Alberton Notes to Financial Statements

December 31, 2010

12. Segmented Information (continued)

Recreation and Cultural Services

This service area consists of various small recreation programs. Also, the Municipality subsidizes library membership dues paid by its citizens to another Municipality in order to ensure a library is available to the citizens of the Municipality.

Planning and Development

This service relates to zoning issues as well as planning of various municipal maintenance projects.

The Corporation of the Township of Alberton

Notes to Financial Statements

December 31, 2010

12. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Health Services	Family Services	Social and Social Services	Social Housing	Recreation and Cultural Services	Planning and Development	2010 Total
Revenue										
Taxation	\$ 135,281	\$ 120,095	\$ 165,923	\$ 112,364	\$ 67,568	\$ 36,237	\$ 31,533	\$ 3,831	\$ 672,832	
Fees and user charges	4,484	-	254	-	-	-	-	-	3,845	8,583
Conditional grants	-	78,479	65,613	-	-	-	-	26,410	-	170,502
Unconditional grants	62,601	14,942	30,439	42,313	29,396	20,362	1,540	707	-	202,300
Municipal grants	-	-	1,395	-	-	-	-	-	-	1,395
Other	12,185	3,388	6,901	9,594	6,664	4,616	349	2,170	-	45,867
	214,551	216,904	270,525	164,271	103,628	61,215	59,832	10,553	-	1,101,479
Expenses										
Wages and benefits	121,330	12,697	7,439	-	-	-	-	-	1,000	142,466
Materials	61,858	14,334	32,331	-	-	-	-	6,650	3,239	118,412
Contracted services	13,792	75,824	54,363	-	-	-	-	5,109	-	149,088
Rents and financial	10,887	10,181	8,239	-	-	-	-	2,100	-	31,407
External transfers	-	335	-	164,271	103,628	61,215	-	-	6,314	335,763
Amortization	10,036	35,256	107,541	-	-	-	-	19,782	-	172,615
	217,903	148,627	209,913	164,271	103,628	61,215	33,641	10,553	-	949,751
Net surplus (deficit)	\$ (3,352)	\$ 68,277	\$ 60,612	\$ -	\$ -	\$ -	\$ -	\$ 26,191	\$ -	\$ 151,728

The Corporation of the Township of Alberton

Notes to Financial Statements

December 31, 2010

12. Segmented Information (continued)

For the year ended December 31	General Government		Protection Services		Transportation Services		Health Services		Social and Family Services		Social Housing		Recreation and Cultural Services		Planning and Development		2009 Total		
	\$		\$		\$		\$		\$		\$		\$		\$		\$		
Revenue																			
Taxation	166,954	\$	59,883	\$	143,534	\$	153,619	\$	74,978	\$	30,970	\$	18,530	\$	3,745	\$	652,213		
Fees and user charges	3,391		-		-		-		-		-		-		2,795		6,186		
Conditional grants	-		29,497		288,962		-		-		-		21,670		168		340,297		
Unconditional grants	34,766		27,630		72,580		4,832		47,525		24,443		141		1,883		213,800		
Municipal grants	-		9,119		2,348		-		-		-		-		-		11,467		
Other	7,675		2,751		241		7,825		6,660		4,547		-		264		29,963		
	212,786		128,880		507,665		166,276		129,163		59,960		40,341		8,855		1,253,926		
Expenses																			
Wages and benefits	113,408		12,916		7,439		-		-		-		-		-		133,763		
Materials	50,166		12,498		62,797		-		-		-		5,948		2,427		133,836		
Contracted services	13,620		63,055		72,135		-		-		-		-		-		148,810		
Rent and financial	9,928		7,920		27,843		-		-		-		5,553		-		51,244		
External transfers	-		31,585		96,825		166,210		128,395		59,742		-		6,314		360,661		
Amortization	9,340		-		-		-		-		-		7,170		-		144,920		
	196,462		127,974		267,039		166,210		128,395		59,742		18,671		8,741		973,234		
Net surplus	16,324	\$	906	\$	240,626	\$	66	\$	768	\$	218	\$	21,670	\$	114	\$	280,692		

For each reported segment, revenues and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes, certain government grants and other revenue have been apportioned based on a percentage of budgeted expenditures.