

CORPORATION OF THE TOWNSHIP OF AMARANTH
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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Chartered Accountants
and Business Advisors

People Count.

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Amaranth

Report on the Financial Statements

We have audited the accompanying financial statements of the Corporation of the Township of Amaranth, which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Amaranth as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

RLB LLP

Fergus, Ontario
June 13, 2012

Chartered Accountants
Licensed Public Accountants

**CORPORATION OF THE TOWNSHIP OF AMARANTH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011**

FINANCIAL ASSETS

	2011	2010
Cash	\$ 1,356,593	\$ 495,516
Taxes receivable	783,581	701,753
Accounts receivable	217,617	301,542
Notes receivable (note 2)	173,161	198,695
Long term receivables (note 3)	<u>134,481</u>	<u>73,497</u>
	<u>2,665,433</u>	<u>1,771,003</u>

LIABILITIES

Accounts payable and accrued liabilities	1,587,566	387,110
Tile drainage loan payable (note 3)	134,481	73,497
Deferred revenue	25,964	522,819
Deferred revenue - Obligatory reserve funds (schedule 3)	323,098	230,925
Long term debt (note 4)	178,574	198,574
Landfill site closure and post-closure liability (note 5)	<u>120,816</u>	<u>112,964</u>
	<u>2,370,499</u>	<u>1,525,889</u>

NET FINANCIAL ASSETS

<u>294,934</u>	<u>245,114</u>
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NON-FINANCIAL ASSETS

Tangible capital assets (schedule 2)	16,921,740	17,360,879
Inventory	<u>1,145,758</u>	<u>1,243,150</u>
	<u>18,067,498</u>	<u>18,604,029</u>

ACCUMULATED SURPLUS (schedule 4)

<u>\$ 18,362,432</u>	<u>\$ 18,849,143</u>
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**CORPORATION OF THE TOWNSHIP OF AMARANTH
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011 Budget	2011 Actual	2010 Actual
REVENUE			
Taxation revenue	\$ 2,549,768	\$ 2,668,083	\$ 2,605,885
Fees and user charges	297,450	340,383	365,441
Canada grants	15,000	4,474	15,650
Ontario grants	338,487	395,337	351,786
Other income (note 6)	107,600	167,241	225,660
Obligatory reserve fund revenue recognized (schedule 3)	<u>129,500</u>	<u>125,901</u>	<u>319,967</u>
	<u>3,437,805</u>	<u>3,701,419</u>	<u>3,884,389</u>
EXPENSES			
General government	707,747	683,420	712,161
Protection services	769,801	682,275	627,019
Transportation services	1,864,058	1,949,134	1,840,437
Environmental services	241,122	388,545	368,498
Health services	5,860	6,240	8,152
Recreation and cultural services	278,873	251,027	347,040
Planning and development	<u>162,295</u>	<u>227,489</u>	<u>153,413</u>
	<u>4,029,756</u>	<u>4,188,130</u>	<u>4,056,720</u>
ANNUAL DEFICIT	<u>\$ (591,951)</u>	<u>\$ (486,711)</u>	<u>\$ (172,331)</u>
ACCUMULATED SURPLUS, beginning of year		\$ 18,849,143	\$ 19,021,474
Annual deficit		<u>(486,711)</u>	<u>(172,331)</u>
ACCUMULATED SURPLUS, end of year		<u>\$ 18,362,432</u>	<u>\$ 18,849,143</u>

**CORPORATION OF THE TOWNSHIP OF AMARANTH
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011 Budget	2011 Actual	2010 Actual
Annual deficit	\$ <u>(591,951)</u>	\$ <u>(486,711)</u>	\$ <u>(172,331)</u>
Acquisition of tangible capital assets	(346,700)	(580,233)	(737,533)
Amortization of tangible capital assets	931,511	952,140	931,511
Loss on disposal of assets	0	67,232	6,410
Consumption of gravel inventory	80,800	97,392	90,000
Use of prepaid expense	<u>0</u>	<u>0</u>	<u>125,107</u>
	<u>665,611</u>	<u>536,531</u>	<u>415,495</u>
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	<u>\$ 73,660</u>	49,820	243,164
NET FINANCIAL ASSETS, beginning of year		<u>245,114</u>	<u>1,950</u>
NET FINANCIAL ASSETS, end of year		<u>\$ 294,934</u>	<u>\$ 245,114</u>

**CORPORATION OF THE TOWNSHIP OF AMARANTH
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011	2010
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (486,711)	\$ (172,331)
Items not requiring an outlay of cash		
Amortization of tangible capital assets	952,140	931,511
Loss on disposal of assets	67,232	6,410
Consumption of gravel inventory	<u>97,392</u>	<u>90,000</u>
	<u>630,053</u>	<u>855,590</u>
Net changes in non-cash working capital		
Taxes receivable	(81,828)	109,597
Accounts receivable	83,925	82,501
Decrease in prepaid expenses	0	125,107
Accounts payable and accrued liabilities	1,200,456	178,791
Landfill site closure and post-closure liability	7,852	7,497
Deferred revenue	(496,855)	470,313
Deferred revenue - Obligatory reserve funds	<u>92,173</u>	<u>(120,665)</u>
	<u>805,723</u>	<u>853,141</u>
	<u>1,435,776</u>	<u>1,708,731</u>
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	<u>(580,233)</u>	<u>(737,533)</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Long term debt	(20,000)	(20,000)
Tile drainage payable	<u>60,984</u>	<u>(13,693)</u>
	<u>40,984</u>	<u>(33,693)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Change in long-term receivables	(60,984)	13,693
Change in notes receivable	<u>25,534</u>	<u>25,343</u>
	<u>(35,450)</u>	<u>39,036</u>
NET INCREASE IN CASH	861,077	976,541
CASH (BANK OVERDRAFT), beginning of year	<u>495,516</u>	<u>(481,025)</u>
CASH, end of year	<u>\$ 1,356,593</u>	<u>\$ 495,516</u>

**CORPORATION OF THE TOWNSHIP OF AMARANTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of Amaranth are the representation of management, prepared in accordance with Canadian generally accepted accounting principles. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) BASIS OF CONSOLIDATION

- (i) These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures for the revenue fund, capital fund, reserve funds and reserves and include the activities of all committees of Council and the boards and municipal enterprises which are under the control of Council. The following boards and municipal enterprises owned or controlled by Council have been consolidated:

- (a) The Shelburne District Fire Board
Proportionate consolidation: 14.9% in 2011; 14.5% in 2010.
- (b) The Grand Valley and District Fire Board
Proportionate consolidation: operating - 25.78% in 2011; 24.12% in 2010,
capital - 28.75% in 2011; 29.23% in 2010.

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of the interest income and expenditures on loans or advances between reserve funds and any other fund of the municipality.

- (ii) The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Dufferin are not reflected in the municipal fund balances of these financial statements.
- (iii) Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(b) BASIS OF ACCOUNTING

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest on long term liabilities which are charged against operations in the periods in which they are paid. The principal and interest charges are not accrued for the periods from the dates of the latest instalment payments to the end of the financial year.
- (ii) 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.
- (iii) Capital outlay to be recovered in future years, which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the Schedule of Accumulated Surplus.

**CORPORATION OF THE TOWNSHIP OF AMARANTH
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) DEFERRED REVENUE

The revenue is reported on the Consolidated Statement of Operations in the year in which it is used for the specified purpose.

(d) AMOUNTS TO BE RECOVERED

Amounts to be recovered are reported in the municipal position on the Schedule of Accumulated Surplus. The balance represents the outstanding principal portion of unmatured long term liabilities, liabilities not yet due, and other future expenditures not yet levied on the ratepayers.

(e) TRUST FUNDS

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 Statement of Financial Position.

(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 excess of revenues over expenses, provides the 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 attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital asset are amortized on a straight-line basis over their estimated useful life as follows:

Land improvements	15 to 20 years
Buildings	25 to 50 years
Vehicles	6 to 20 years
Furniture and equipment	2 to 20 years
Road bases	60 years
Road surfaces	2 to 15 years
Bridges and infrastructure	25 to 100 years

Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

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

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**CORPORATION OF THE TOWNSHIP OF AMARANTH
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2011**

2. NOTES RECEIVABLE

	2011	2010
Water loan receivable for the capital costs of upgrades to provide water service to users of the system as set out in By-Law Number 50-2006	\$ <u>173,161</u>	\$ <u>198,695</u>

The loan receivable in the amount of \$117,326 (2010 - \$140,882) is due from 70 ratepayers, bears interest at 6% per annum and is recoverable in annual instalments of \$398, which commenced in April 2007 and will mature in April 2017. The loan receivable in the amount of \$55,835 (2010 - \$57,813) is due from 22 ratepayers, bears interest at 7.5% per annum and is recoverable in annual instalments of \$287, which commenced in April 2007 and will mature in April 2027.

3. TILE DRAINAGE LOANS

	2011	2010
The township is contingently liable for long term liabilities with respect to tile drainage loans. The total amount of loans outstanding at the end of the year is	\$ 134,481	\$ 73,497
The responsibility of the tile drainage loans for payment of principal and interest charges has been assumed by individuals. At the end of the year, the outstanding principal receivable from individuals is	<u>134,481</u>	<u>73,497</u>
	<u>\$ 0</u>	<u>\$ 0</u>

Future principal payments and recoveries from individuals are as follows:

2012	\$ 17,859
2013	16,766
2014	17,772
2015	18,838
2016	10,784
Thereafter	<u>52,462</u>
	<u>\$ 134,481</u>

4. LONG TERM DEBT

The balance of long term debt on the Consolidated Statement of Financial Position is made up of the following:

	2011	2010
Water operating loan - demand instalment loan maturing by December 2021, bearing interest at bank prime	\$ <u>178,574</u>	\$ <u>198,574</u>

**CORPORATION OF THE TOWNSHIP OF AMARANTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

5. LANDFILL SITE CLOSURE AND POST-CLOSURE LIABILITY

	2011	2010
Landfill closure and post-closure liability	\$ <u>120,816</u>	\$ <u>112,964</u>

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of this landfill, removing of ground water and leachates, and ongoing environmental monitoring, site inspections and maintenance.

The liability recorded is \$120,816 (2010 - \$112,964) and represents the present value of closure and post-closure costs based on an annual interest rate of 3%. The liability is recorded based on the capacity of the landfill used to date. The total estimated expenditures for closure and post-closure costs are \$335,166, leaving an amount to be recognized of \$214,350.

The liability is expected to be funded through budget allocations over the remaining life of the landfill.

The estimated remaining capacity of the site is approximately 39,970 tonnes, which will be filled in 48 years. Post-closure care is estimated to continue for a period of 61 years.

6. OTHER INCOME

	2011	2010
Penalties and interest on taxation	\$ 104,688	\$ 102,028
Licenses, permits and rents	2,600	100
Other fines and penalties	1,752	1,603
Investment income	21,468	16,574
Donations	3,070	2,827
Gain (loss) on sale of tangible capital assets	(67,232)	(6,410)
Other	<u>100,895</u>	<u>108,938</u>
	\$ <u>167,241</u>	\$ <u>225,660</u>

7. OPERATIONS OF THE SCHOOL BOARDS AND THE COUNTY OF DUFFERIN

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

	2011	2010
School boards	\$ 1,298,410	\$ 1,319,038
County of Dufferin	<u>1,824,322</u>	<u>1,795,749</u>
	\$ <u>3,122,732</u>	\$ <u>3,114,787</u>

8. TRUST FUNDS

The trust funds administered by the municipality amounting to \$12,184 (2010 - \$11,625) have not been included in the consolidated statement of financial position, nor have the operations been included in the consolidated statement of financial activities. At December 31, 2011, the trust fund balances are as follows:

	2011	2010
Cemetery care funds	\$ <u>12,184</u>	\$ <u>11,625</u>

**CORPORATION OF THE TOWNSHIP OF AMARANTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

9. TANGIBLE CAPITAL ASSETS

	Net 2011	Net 2010
General		
Land and land improvements	\$ 1,200,298	\$ 1,204,258
Buildings	1,277,007	1,308,499
Vehicles	715,861	869,717
Furniture and equipment	224,851	207,879
Infrastructure		
Roads	5,864,796	6,024,633
Bridges and infrastructure	<u>7,638,927</u>	<u>7,745,893</u>
	<u>\$ 16,921,740</u>	<u>\$ 17,360,879</u>

10. SEGMENTED INFORMATION

The Corporation of the Township of Amaranth is a diversified municipal government institution that provides a wide range of services to its citizens, including Government and Administration services, Protective Services (i.e. building inspection, fire and emergency services, bylaw enforcement, animal control), Public Works (i.e. roadways, streetlighting, sidewalks, and municipal drinking water), Environmental Services (i.e. stormwater management and source water protection), Recreation and Parks, and Planning and Community Development Services. For management reporting purposes, the government's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments and their activities are reported in these funds.

**CORPORATION OF THE TOWNSHIP OF AMARANTH
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2011	2010
EXPENSES									
Salaries and benefits	\$ 301,613	\$ 66,023	\$ 525,795	\$ 22,596	\$ 600	\$ 7,258	\$ 59,011	\$ 982,896	\$ 936,799
Materials	23,253	27,726	476,976	11,986	0	17,604	1,180	558,725	535,381
Contracted services	156,125	501,882	80,188	189,887	5,640	36,147	162,104	1,131,973	1,049,016
Rents and financial expenses	159,045	11,261	109,442	40,769	0	6,675	2,635	329,827	271,881
Interest on long term debt	0	0	0	5,714	0	0	2,559	8,273	5,398
Amortization	43,384	35,553	756,733	109,741	0	6,729	0	952,140	931,511
Other	0	39,830	0	7,852	0	176,614	0	224,296	326,734
	<u>\$ 683,420</u>	<u>\$ 682,275</u>	<u>\$ 1,949,134</u>	<u>\$ 388,545</u>	<u>\$ 6,240</u>	<u>\$ 251,027</u>	<u>\$ 227,489</u>	<u>\$ 4,188,130</u>	<u>\$ 4,056,720</u>

see accompanying notes

**CORPORATION OF THE TOWNSHIP OF AMARANTH
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Land and land improvements	Buildings	Vehicles	Roads	Furniture and Bridges and equipment infrastructure	Assets under construction	2011	2010
COST								
Balance, beginning of year	\$ 1,866,946	\$ 2,434,570	\$ 2,686,326	\$ 11,532,275	\$ 766,346	\$ 10,314,608	\$ 29,601,071	\$ 29,043,448
Additions during the year	20,269	32,339	0	438,101	60,319	29,205	580,233	737,533
Disposals during the year	0	0	0	(343,017)	(9,356)	0	(352,373)	(179,910)
Other	0	0	0	0	0	0	0	0
Balance, end of year	<u>1,887,215</u>	<u>2,466,909</u>	<u>2,686,326</u>	<u>11,627,359</u>	<u>817,309</u>	<u>10,343,813</u>	<u>29,828,931</u>	<u>29,601,071</u>
ACCUMULATED AMORTIZATION								
Balance, beginning of year	662,688	1,126,071	1,816,609	5,507,642	558,467	2,568,715	12,240,192	11,482,181
Amortization	24,229	63,831	153,856	532,053	42,000	136,171	952,140	931,511
Accumulated amortization on disposals	0	0	0	(277,132)	(8,009)	0	(285,141)	(173,500)
Balance, end of year	<u>686,917</u>	<u>1,189,902</u>	<u>1,970,465</u>	<u>5,762,563</u>	<u>592,458</u>	<u>2,704,886</u>	<u>12,907,191</u>	<u>12,240,192</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,200,298</u>	<u>\$ 1,277,007</u>	<u>\$ 715,861</u>	<u>\$ 5,864,796</u>	<u>\$ 224,851</u>	<u>\$ 7,638,927</u>	<u>\$ 16,921,740</u>	<u>\$ 17,360,879</u>

see accompanying notes

**CORPORATION OF THE TOWNSHIP OF AMARANTH
CONSOLIDATED SCHEDULE OF DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Dec.31, 2010	Contributions Received	Investment Income	Revenue Recognized	Dec.31, 2011
Obligatory Reserve Funds					
Development charges	\$ 220,992	\$ 91,984	\$ 5,079	\$ (27,769)	\$ 290,286
Federal gas tax funding	494	117,945	110	(93,132)	25,417
Lot levies	4,722	0	12	(4,734)	0
Recreational land	<u>4,717</u>	<u>3,000</u>	<u>(56)</u>	<u>(266)</u>	<u>7,395</u>
	<u>\$ 230,925</u>	<u>\$ 212,929</u>	<u>\$ 5,145</u>	<u>\$ (125,901)</u>	<u>\$ 323,098</u>

**CORPORATION OF THE TOWNSHIP OF AMARANTH
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011	2010
SURPLUSES		
Invested in tangible capital assets	\$ 16,921,740	\$ 17,360,879
Waterworks systems	(36,740)	8,787
Shelburne and District Fire Department	6,434	4,406
Grand Valley and District Fire Department	(6,795)	(3,424)
General revenue fund	960,590	1,090,286
Unfunded		
Landfill closure and post-closure costs (note 5)	<u>(120,816)</u>	<u>(112,964)</u>
	<u>17,724,413</u>	<u>18,347,970</u>
RESERVES		
Working Capital Reserves		
Working funds	328,998	228,998
Capital Reserves		
Capital purposes	<u>186,366</u>	<u>180,822</u>
	<u>515,364</u>	<u>409,820</u>
RESERVE FUNDS		
Capital purposes	<u>122,655</u>	<u>91,353</u>
	<u>\$ 18,362,432</u>	<u>\$ 18,849,143</u>



Chartered Accountants
and Business Advisors

People Count.

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Amaranth

Report on the Financial Statements

We have audited the accompanying financial statements of the trust funds of the Corporation of the Township of Amaranth, which comprise the statement of financial position as at December 31, 2011 and 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 these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Township of Amaranth as at December 31, 2011 and the continuity of the trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

RLB LLP

Fergus, Ontario
June 13, 2012

Chartered Accountants
Licensed Public Accountants

**CORPORATION OF THE TOWNSHIP OF AMARANTH
TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011**

	ASSETS	
	2011	2010
Cash	\$ <u>12,184</u>	\$ <u>11,625</u>
	FUND BALANCE	
Fund balance	\$ <u>12,184</u>	\$ <u>11,625</u>

**CORPORATION OF THE TOWNSHIP OF AMARANTH
TRUST FUNDS
STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011	2010
BALANCE, beginning of year	\$ 11,625	\$ 10,209
Plot sales	400	1,200
Interest earned	59	16
Care and maintenance fees	<u>100</u>	<u>200</u>
BALANCE, end of year	<u>\$ 12,184</u>	<u>\$ 11,625</u>

**CORPORATION OF THE TOWNSHIP OF AMARANTH - TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the trust funds of the Corporation of the Township of Amaranth are the representation of management prepared in accordance with Canadian generally accepted accounting principles. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) **BASIS OF ACCOUNTING**

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest on long term liabilities which are charged against operations in the periods in which they are paid. The principal and interest charges are not accrued for the periods from the dates of the latest instalment payments to the end of the financial year.
- (ii) 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.