

CORPORATION OF THE TOWNSHIP OF AMARANTH
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

CORPORATION OF THE TOWNSHIP OF AMARANTH
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YEAR ENDED DECEMBER 31, 2012

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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, 2012 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 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 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, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Fergus, Ontario
May 15, 2013

RLB LLP

Chartered Accountants
Licensed Public Accountants

CORPORATION OF THE TOWNSHIP OF AMARANTH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

	2012	2011
FINANCIAL ASSETS		
Cash	\$ 870,811	\$ 1,356,593
Taxes receivable	800,049	783,581
Accounts receivable	175,398	217,617
Notes receivable (note 2)	145,016	173,161
Long term receivables (note 3)	<u>147,821</u>	<u>134,481</u>
	<u>2,139,095</u>	<u>2,665,433</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,059,185	1,587,566
Tile drainage loan payable (note 3)	147,821	134,481
Deferred taxation revenue	57,394	25,964
Deferred revenue - Obligatory reserve funds (schedule 3)	419,228	323,098
Long term debt (note 4)	158,574	178,574
Landfill site closure and post-closure liability (note 5)	<u>120,816</u>	<u>120,816</u>
	<u>1,963,018</u>	<u>2,370,499</u>
NET FINANCIAL ASSETS	<u>176,077</u>	<u>294,934</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2)	16,727,816	16,921,740
Inventory	<u>1,067,844</u>	<u>1,145,758</u>
	<u>17,795,660</u>	<u>18,067,498</u>
ACCUMULATED SURPLUS (schedule 4)	<u>\$ 17,971,737</u>	<u>\$ 18,362,432</u>

see accompanying notes

**CORPORATION OF THE TOWNSHIP OF AMARANTH
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012 Budget	2012 Actual	2011 Actual
REVENUE			
Taxation revenue	\$ 2,724,728	\$ 2,705,556	\$ 2,668,083
Fees and user charges	290,365	397,358	340,383
Canada grants	0	242	4,474
Ontario grants	353,935	395,076	395,337
Other income (note 6)	203,600	207,188	167,241
Obligatory reserve fund revenue recognized (schedule 3)	<u>182,086</u>	<u>182,586</u>	<u>125,901</u>
	<u>3,754,714</u>	<u>3,888,006</u>	<u>3,701,419</u>
EXPENSES			
General government	703,189	646,603	683,420
Protection services	804,069	736,478	682,275
Transportation services	2,211,752	2,065,735	1,949,134
Environmental services	179,836	351,532	388,545
Health services	6,100	7,583	6,240
Recreation and cultural services	259,675	263,268	251,027
Planning and development	<u>198,430</u>	<u>207,502</u>	<u>227,489</u>
	<u>4,363,051</u>	<u>4,278,701</u>	<u>4,188,130</u>
ANNUAL DEFICIT	\$ <u>(608,337)</u>	\$ <u>(390,695)</u>	\$ <u>(486,711)</u>
ACCUMULATED SURPLUS, beginning of year		\$ 18,362,432	\$ 18,849,143
Annual deficit		<u>(390,695)</u>	<u>(486,711)</u>
ACCUMULATED SURPLUS, end of year		\$ <u>17,971,737</u>	\$ <u>18,362,432</u>

CORPORATION OF THE TOWNSHIP OF AMARANTH
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 Budget	2012 Actual	2011 Actual
Annual deficit	\$ <u>(608,337)</u>	\$ <u>(390,695)</u>	\$ <u>(486,711)</u>
Acquisition of tangible capital assets	(428,087)	(858,900)	(580,233)
Amortization of tangible capital assets	952,140	1,012,666	952,140
Loss on disposal of assets	0	21,889	67,232
Proceeds on sale of tangible capital assets	0	18,269	0
Consumption of gravel inventory	<u>65,000</u>	<u>77,914</u>	<u>97,392</u>
	<u>589,053</u>	<u>271,838</u>	<u>536,531</u>
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	\$ <u>(19,284)</u>	(118,857)	49,820
NET FINANCIAL ASSETS, beginning of year		<u>294,934</u>	<u>245,114</u>
NET FINANCIAL ASSETS, end of year		\$ <u>176,077</u>	\$ <u>294,934</u>

**CORPORATION OF THE TOWNSHIP OF AMARANTH
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012	2011
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (390,695)	\$ (486,711)
Items not requiring an outlay of cash		
Amortization of tangible capital assets	1,012,666	952,140
Loss on disposal of assets	21,889	67,232
Consumption of gravel inventory	<u>77,914</u>	<u>97,392</u>
	<u>721,774</u>	<u>630,053</u>
Net changes in non-cash working capital		
Taxes receivable	(16,468)	(81,828)
Accounts receivable	42,219	83,925
Accounts payable and accrued liabilities	(528,381)	1,200,456
Landfill site closure and post-closure liability	0	7,852
Deferred revenue	31,430	(496,855)
Deferred revenue - Obligatory reserve funds	<u>96,130</u>	<u>92,173</u>
	<u>(375,070)</u>	<u>805,723</u>
	<u>346,704</u>	<u>1,435,776</u>
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(858,900)	(580,233)
Proceeds on disposal of tangible capital assets	<u>18,269</u>	<u>0</u>
	<u>(840,631)</u>	<u>(580,233)</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Long term debt	(20,000)	(20,000)
Tile drainage payable	<u>13,340</u>	<u>60,984</u>
	<u>(6,660)</u>	<u>40,984</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Change in long-term receivables	(13,340)	(60,984)
Change in notes receivable	<u>28,145</u>	<u>25,534</u>
	<u>14,805</u>	<u>(35,450)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(485,782)	861,077
CASH (BANK OVERDRAFT), beginning of year	<u>1,356,593</u>	<u>495,516</u>
CASH, end of year	<u>\$ 870,811</u>	<u>\$ 1,356,593</u>

CORPORATION OF THE TOWNSHIP OF AMARANTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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 for governments as recommended by the Public Sector Accounting Board. 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: 14.0% in 2012; 14.9% in 2011.
- (b) The Grand Valley and District Fire Board
Proportionate consolidation: operating - 26.00% in 2012; 25.78% in 2011,
capital - 29.00% in 2012; 28.75% in 2011.

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, 2012

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, 2012

2. NOTES RECEIVABLE

	2012	2011
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>145,016</u>	\$ <u>173,161</u>

The loan receivable in the amount of \$93,749 (2011 - \$117,326) is due from 68 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 \$51,267 (2011 - \$55,835) is due from 21 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

	2012	2011
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	\$ 147,821	\$ 134,481
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>147,821</u>	<u>134,481</u>
	<u>\$ 0</u>	<u>\$ 0</u>

Future principal payments and recoveries from individuals are as follows:

2013	\$ 16,766
2014	17,772
2015	18,838
2016	10,784
2017	10,784
Thereafter	<u>72,877</u>
	<u>\$ 147,821</u>

4. LONG TERM DEBT

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

	2012	2011
Water operating loan - demand instalment loan maturing by December 2021, bearing interest at bank prime	\$ <u>158,574</u>	\$ <u>178,574</u>

CORPORATION OF THE TOWNSHIP OF AMARANTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

5. LANDFILL SITE CLOSURE AND POST-CLOSURE LIABILITY

	2012	2011
Landfill closure and post-closure liability	\$ <u>120,816</u>	\$ <u>120,816</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 is expected to be funded through budget allocations over the remaining life of the landfill, however during the year, the County of Dufferin assumed garbage collection and disposal responsibility and the landfill site ceased to be used for a significant volume of garbage. At year end the township was undertaking a process of considering various options for the site, which would impact the timeline to close the site. Accordingly, the liability has not been adjusted, due to the uncertainty of the outcome of this process.

6. OTHER INCOME

	2012	2011
Penalties and interest on taxation	\$ 111,213	\$ 104,688
Licenses, permits and rents	2,600	2,600
Other fines and penalties	1,578	1,752
Investment income	20,707	21,467
Donations	4,979	3,070
Gain (loss) on sale of tangible capital assets	(21,889)	(67,232)
Annual turbine amenities agreement	88,000	88,000
Other	<u>0</u>	<u>12,896</u>
	<u>\$ 207,188</u>	<u>\$ 167,241</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:

	2012	2011
School boards	\$ 1,323,125	\$ 1,298,410
County of Dufferin	<u>1,888,992</u>	<u>1,824,322</u>
	<u>\$ 3,212,117</u>	<u>\$ 3,122,732</u>

8. TRUST FUNDS

The trust funds administered by the municipality amounting to \$12,661 (2011 - \$12,184) 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, 2012, the trust fund balances are as follows:

	2012	2011
Cemetery care funds	\$ <u>12,661</u>	\$ <u>12,184</u>

CORPORATION OF THE TOWNSHIP OF AMARANTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

9. TANGIBLE CAPITAL ASSETS

	Net 2012	Net 2011
General		
Land and land improvements	\$ 1,176,403	\$ 1,200,298
Buildings	1,215,400	1,277,007
Vehicles	939,347	715,861
Furniture and equipment	228,510	224,851
Infrastructure		
Roads	5,638,940	5,864,796
Bridges and infrastructure	<u>7,529,216</u>	<u>7,638,927</u>
	<u>\$ 16,727,816</u>	<u>\$ 16,921,740</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.

SCHEDULE 1

CORPORATION OF THE TOWNSHIP OF AMARANTH
 CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
 FOR THE YEAR ENDED DECEMBER 31, 2012

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2012	2011
EXPENSES									
Salaries and benefits	\$ 311,341	\$ 70,570	\$ 631,845	\$ 24,294	\$ 720	\$ 6,539	\$ 63,321	\$ 1,108,630	\$ 982,896
Materials	34,818	31,961	438,992	890	0	15,912	1,685	524,258	558,725
Contracted services	142,586	503,139	70,572	177,083	6,863	44,871	136,578	1,081,692	1,131,973
Rents and financial expenses	118,386	10,252	113,044	32,771	0	6,447	2,478	283,378	329,827
Interest on long term debt	0	0	0	5,125	0	0	3,440	8,565	8,273
Amortization	39,472	44,148	811,282	111,369	0	6,395	0	1,012,666	952,140
Other	0	76,408	0	0	0	183,104	0	259,512	224,296
	<u>\$ 646,603</u>	<u>\$ 736,478</u>	<u>\$ 2,065,735</u>	<u>\$ 351,532</u>	<u>\$ 7,583</u>	<u>\$ 263,268</u>	<u>\$ 207,502</u>	<u>\$ 4,278,701</u>	<u>\$ 4,188,130</u>

see accompanying notes

CORPORATION OF THE TOWNSHIP OF AMARANTH
 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Land and Land Improvements	Buildings	Vehicles	Roads	Furniture and Equipment	Bridges and Infrastructure	Assets under Construction	2012	2011
COST									
Balance, beginning of year	\$ 1,887,215	\$ 2,466,909	\$ 2,686,326	\$ 11,627,359	\$ 817,309	\$ 10,343,813	\$	\$ 29,828,931	\$ 29,601,071
Additions during the year	0	5,318	414,923	365,062	45,382	28,215	0	858,900	580,233
Disposals during the year	0	0	(287,600)	(278,839)	(8,052)	(899)	0	(575,390)	(352,373)
Other	0	0	0	0	0	0	0	0	0
Balance, end of year	<u>1,887,215</u>	<u>2,472,227</u>	<u>2,813,649</u>	<u>11,713,582</u>	<u>854,639</u>	<u>10,371,129</u>	<u>0</u>	<u>30,112,441</u>	<u>29,828,931</u>
ACCUMULATED AMORTIZATION									
Balance, beginning of year	686,917	1,189,902	1,970,465	5,762,563	592,458	2,704,886	0	12,907,191	12,240,192
Amortization	23,895	66,925	191,437	552,069	40,414	137,926	0	1,012,666	952,140
Accumulated amortization on disposals	0	0	(287,600)	(239,990)	(6,743)	(899)	0	(535,232)	(285,141)
Balance, end of year	<u>710,812</u>	<u>1,256,827</u>	<u>1,874,302</u>	<u>6,074,642</u>	<u>626,129</u>	<u>2,841,913</u>	<u>0</u>	<u>13,384,625</u>	<u>12,907,191</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,176,403</u>	<u>\$ 1,215,400</u>	<u>\$ 939,347</u>	<u>\$ 5,638,940</u>	<u>\$ 228,510</u>	<u>\$ 7,529,216</u>	<u>\$ 0</u>	<u>\$ 16,727,816</u>	<u>\$ 16,921,740</u>

see accompanying notes

CORPORATION OF THE TOWNSHIP OF AMARANTH

CONSOLIDATED SCHEDULE OF DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Dec.31, 2011	Contributions Received	Investment Income	Revenue Recognized	Dec.31, 2012
Obligatory Reserve Funds					
Development charges	\$ 290,286	\$ 153,824	\$ 5,467	\$ (63,900)	\$ 385,677
Federal gas tax funding	25,417	117,945	191	(118,186)	25,367
Recreational land	<u>7,395</u>	<u>1,250</u>	<u>39</u>	<u>(500)</u>	<u>8,184</u>
	<u>\$ 323,098</u>	<u>\$ 273,019</u>	<u>\$ 5,697</u>	<u>\$ (182,586)</u>	<u>\$ 419,228</u>

see accompanying notes

CORPORATION OF THE TOWNSHIP OF AMARANTH
 CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
SURPLUSES		
Invested in tangible capital assets	\$ 16,727,816	\$ 16,921,740
Waterworks systems	(59,652)	(36,740)
Shelburne and District Fire Department	7,234	6,434
Grand Valley and District Fire Department	5,718	(6,795)
General revenue fund	923,914	960,590
Unfunded		
Landfill closure and post-closure costs (note 5)	<u>(120,816)</u>	<u>(120,816)</u>
	<u>17,484,214</u>	<u>17,724,413</u>
RESERVES		
Working Capital Reserves		
Working funds	221,430	328,998
Capital Reserves		
Capital purposes	<u>210,651</u>	<u>186,366</u>
	<u>432,081</u>	<u>515,364</u>
RESERVE FUNDS		
Capital purposes	<u>55,442</u>	<u>122,655</u>
	<u>\$ 17,971,737</u>	<u>\$ 18,362,432</u>



Chartered Accountants
and Business Advisors

Respect Grant

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, 2012 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 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 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, 2012 and the continuity of the trust funds for the year then ended in accordance with Canadian public sector accounting standards.

Fergus, Ontario
May 15, 2013

RLB CPA

Chartered Accountants
Licensed Public Accountants

**CORPORATION OF THE TOWNSHIP OF AMARANTH
 TRUST FUNDS
 STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2012**

	2012	2011
ASSETS		
Cash	\$ <u>12,661</u>	\$ <u>12,184</u>
FUND BALANCE		
Fund balance	\$ <u>12,661</u>	\$ <u>12,184</u>

**CORPORATION OF THE TOWNSHIP OF AMARANTH
 TRUST FUNDS
 STATEMENT OF CONTINUITY
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012	2011
BALANCE, beginning of year	\$ 12,184	\$ 11,625
Plot sales	400	400
Interest earned	77	59
Care and maintenance fees	<u>0</u>	<u>100</u>
BALANCE, end of year	<u>\$ 12,661</u>	<u>\$ 12,184</u>

CORPORATION OF THE TOWNSHIP OF AMARANTH - TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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 for governments as recommended by the Public Sector Accounting Board. 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.