

**The Corporation of the Township  
of East Zorra - Tavistock  
Consolidated Financial Statements  
For the year ended December 31, 2010**

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For the year ended December 31, 2010**

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## Independent Auditors' Report

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### **To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of East Zorra - Tavistock**

We have audited the accompanying consolidated financial statements of The Corporation of the Township of East Zorra - Tavistock, which comprise the consolidated statement of financial position as at December 31, 2010, 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 Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of East Zorra - Tavistock as at December 31, 2010 and the results of its operations, changes in net financial assets and cash flows for the year ended, in accordance with Canadian generally accepted accounting principles.

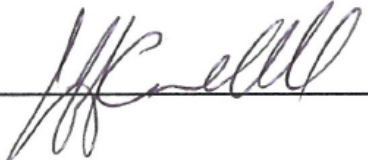
"BDO Canada, LLP"

**Chartered Accountants, Licenced Public Accountants**

Stratford, Ontario  
August 12, 2011

**The Corporation of the Township of East Zorra - Tavistock**  
**Consolidated Statement of Financial Position**

December 31	2010	2009
<b>Financial assets</b>		
Cash and cash equivalents	\$ 2,370,961	\$ 2,360,867
Taxes receivable	410,565	489,189
Accounts receivable	2,608,551	1,646,955
Drains receivable	408,354	492,169
Inventories for resale	12,070	8,425
Investment in Government Business Enterprise (Note 1)	1,609,240	1,662,243
	<b>7,419,741</b>	<b>6,659,848</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,737,053	1,274,418
Post-employment benefits liability	-	4,965
Deferred revenue (Note 3)	583,681	295,568
Long-term debt (Note 4)	613,104	732,455
	<b>4,933,838</b>	<b>2,307,406</b>
<b>Net financial assets</b>	<b>2,485,903</b>	<b>4,352,442</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 5)	24,861,885	18,312,723
Prepaid expenses and inventories of supplies	13,309	51,332
	<b>24,875,194</b>	<b>18,364,055</b>
<b>Accumulated surplus (Note 6)</b>	<b>\$ 27,361,097</b>	<b>\$ 22,716,497</b>

  
 \_\_\_\_\_ Treasurer

  
 \_\_\_\_\_ Mayor

**The Corporation of the Township of East Zorra - Tavistock**  
**Consolidated Statement of Operations**

For the year ended December 31	Budget 2010	Actual 2010	Actual 2009
	(Note 12)		
<b>Revenue</b>			
Taxation	\$ 3,147,597	\$ 3,306,825	\$ 3,143,115
Government grants - Federal (Note 7)	1,031,600	1,050,563	1,130,280
Government grants - Provincial (Note 8)	2,700,265	2,724,108	2,403,269
Municipal grants	905,300	908,156	411,060
User fees and service charges	571,200	578,019	999,669
Change in equity of Electrical Utility (Note 1)	-	(53,003)	(34,606)
Other income (Note 9)	1,810,900	1,725,877	589,038
	<b>10,166,862</b>	<b>10,240,545</b>	<b>8,641,825</b>
<b>Expenses</b>			
General government	669,100	752,635	727,171
Protection services	1,905,000	1,920,656	2,498,880
Transportation services	1,256,700	1,359,209	1,387,438
Health services	1,450	1,365	1,365
Social and family services	1,500	968	1,236
Recreation and cultural services	654,705	708,891	690,190
Planning and development	413,725	852,221	134,702
	<b>4,902,180</b>	<b>5,595,945</b>	<b>5,440,982</b>
<b>Annual surplus</b>	<b>5,264,682</b>	<b>4,644,600</b>	<b>3,200,843</b>
<b>Accumulated surplus, beginning of year</b>	<b>22,716,497</b>	<b>22,716,497</b>	<b>19,515,654</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 27,981,179</b>	<b>\$ 27,361,097</b>	<b>\$ 22,716,497</b>

**The Corporation of the Township of East Zorra - Tavistock**  
**Consolidated Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	<b>Budget 2010</b>	<b>Actual 2010</b>	<b>Actual 2009</b>
	(Note 12)		
<b>Annual surplus</b>	<b>\$ 5,264,682</b>	<b>\$ 4,644,600</b>	<b>\$ 3,200,843</b>
Acquisition of tangible capital assets	<b>(7,026,863)</b>	<b>(7,263,932)</b>	<b>(3,603,395)</b>
Amortization of tangible capital assets	-	<b>622,081</b>	573,591
Loss on sale of tangible capital assets	-	<b>82,689</b>	7,640
Proceeds on sale of tangible capital assets	<b>100,000</b>	<b>10,000</b>	2,000
	<b>(1,662,181)</b>	<b>(1,904,562)</b>	<b>180,679</b>
Utilization (acquisition) of prepaid expenses and inventory of supplies	-	<b>38,023</b>	<b>(51,332)</b>
<b>Net change in net financial assets</b>	<b>(1,662,181)</b>	<b>(1,866,539)</b>	<b>129,347</b>
<b>Net financial assets, beginning of year</b>	<b>4,352,442</b>	<b>4,352,442</b>	<b>4,223,095</b>
<b>Net financial assets, end of year</b>	<b>\$ 2,690,261</b>	<b>\$ 2,485,903</b>	<b>\$ 4,352,442</b>

**The Corporation of the Township of East Zorra - Tavistock**  
**Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2010</b>	<b>2009</b>
<b>Operating transactions</b>		
Annual surplus	\$ 4,644,600	\$ 3,200,843
Items not involving cash		
Change in net equity - ERTH Corporation	53,003	34,606
Amortization	622,081	573,591
Loss on disposal of tangible capital assets	82,689	7,640
Changes in non-cash operating balances		
Taxes receivable	78,624	(79,414)
Accounts receivable	(961,596)	(1,266,720)
Drains receivable	83,815	41,551
Inventories for resale	(3,645)	(2,236)
Prepaid expenses and inventories of supplies	38,023	(51,332)
Accounts payable and accrued liabilities	2,462,635	700,053
Employee Benefits Plan liability	(4,965)	(124,507)
Deferred revenue	288,113	(213,705)
	<u>7,383,377</u>	<u>2,820,370</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(7,263,932)	(3,603,395)
Proceeds on sale of tangible capital assets	10,000	2,000
	<u>(7,253,932)</u>	<u>(3,601,395)</u>
<b>Financing transactions</b>		
Proceeds from issuance of long-term debt	84,300	59,700
Repayment of long-term debt	(203,651)	(135,175)
	<u>(119,351)</u>	<u>(75,475)</u>
<b>Net change in cash and cash equivalents</b>	<b>10,094</b>	<b>(856,500)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>2,360,867</u></b>	<b><u>3,217,367</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 2,370,961</u></b>	<b><u>\$ 2,360,867</u></b>

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# The Corporation of the Township of East Zorra - Tavistock

## Summary of Significant Accounting Policies

**December 31, 2010**

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

The consolidated financial statements of The Corporation of the Township of East Zorra - Tavistock are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The Corporation of the Township of East Zorra - Tavistock is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Corporation of the Township of East Zorra - Tavistock provides municipal services such as protection, public works, planning, parks, recreation and other general government services.

**Basis of Consolidation**

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the The Corporation of the Township of East Zorra - Tavistock.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Tavistock and District Recreation Board  
Hickson Recreation Committee  
Innerkip Recreation Committee  
Innerkip Community Centre Board of Management

The investment in a government business enterprise is accounted for using the modified equity basis of accounting. Under this method, the government business enterprise's accounting policies, which follow Canadian generally accepted accounting principles for publicly accountable enterprises, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated. The following government business enterprise is reflected in the consolidated financial statements:

ERTH Corporation (formerly Erie Thames Power Corporation)

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## The Corporation of the Township of East Zorra - Tavistock

### Summary of Significant Accounting Policies

December 31, 2010

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#### 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 straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	15 to 30 years
Buildings	75 years
Roads and sidewalks	15 to 50 years
Machinery and equipment	10 to 20 years
Vehicles	6 to 20 years
Infrastructure	20 to 75 years

#### County and School Boards

The Corporation of the Township of East Zorra - Tavistock collects taxation revenue on behalf of the school boards and the County of Oxford. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

#### Trust Funds

Trust funds held in trust by The Corporation of the Township of East Zorra - Tavistock, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

#### Retirement Benefits and Other Employee Benefit Plans

The Corporation of the Township of East Zorra - Tavistock's contributions due during the period to its multi-employer defined benefit plan are expensed as incurred. The costs of other retirement benefits that accumulate over the period of service provided by employees are determined using the projected benefit method prorated on services based on management's best estimate.

#### Deferred Revenue

Revenue restricted by legislation, regulation or agreement are not available for general municipal purposes and are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated 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.

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## The Corporation of the Township of East Zorra - Tavistock

### Summary of Significant Accounting Policies

**December 31, 2010**

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<b>Revenue Recognition</b>	<p>Taxes are recognized as revenue in the year they are levied.</p> <p>Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.</p> <p>Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.</p> <p>Sales of service and other revenue is recognized on an accrual basis.</p>
<b>Use of Estimates</b>	<p>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.</p>

**The Corporation of the Township of East Zorra - Tavistock**  
**Notes to Consolidated Financial Statements**

**December 31, 2010**

**1. Investment in Government Business Enterprise**

ERTH Corporation is a corporation incorporated under the laws of the Province of Ontario. The Corporation of the Township of East Zorra - Tavistock owns 6.3% (2009 - 7.1%) of the outstanding shares. The investment in ERTH Corporation is comprised of the following:

	<b>2010</b>	<b>2009</b>
Promissory note receivable	\$ 760,000	\$ 760,000
Class A voting	1	1
Class B, non-voting, redeemable	759,999	759,999
Share of equity earnings (2009 - not restated)	89,240	142,243
	<b>\$ 1,609,240</b>	<b>\$ 1,662,243</b>

The promissory note receivable from ERTH Corporation is unsecured and bears interest at 7.25% (2009 - 7.25%). The term of the note is undefined but no principal repayments are expected within the next twelve months. Interest received in the year and included in other income is \$55,100 (2009 - \$55,100).

The following summarizes the financial position and operations of ERTH Corporation (2009 - restated) which have been reported in these financial statements using the modified equity method.

	<b>2010</b>	<b>2009</b>
		Restated
<b>Financial position</b>		
Current	\$ 21,785,104	\$ 14,432,803
Capital	27,354,756	25,150,724
Regulatory and other assets	17,024,885	15,034,096
	<b>\$ 66,164,745</b>	<b>\$ 54,617,623</b>
<b>Liabilities</b>		
Current	\$ 20,944,019	\$ 11,339,860
Other	4,872,983	2,216,183
Long-term debt	28,190,046	28,797,746
<b>Total liabilities</b>	<b>\$ 54,007,048</b>	<b>\$ 42,353,789</b>
<b>Net assets</b>	<b>\$ 12,157,697</b>	<b>\$ 12,263,834</b>
<b>Results of operations</b>		
Revenue	\$ 63,424,488	\$ 49,866,524
Expenses	63,530,627	50,543,021
<b>Net income (loss) for the year</b>	<b>\$ (106,139)</b>	<b>\$ (676,497)</b>

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**The Corporation of the Township of East Zorra - Tavistock**  
**Notes to Consolidated Financial Statements**

**December 31, 2010**

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**2. Pension Agreements**

The Corporation of the Township of East Zorra - Tavistock makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 14 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2010 was \$56,429 (2009 - \$55,787) for employer contributions.

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**3. Deferred Revenue**

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Development charges	\$ 64,841	86,880	872	(9,163) \$	143,430
Recreational land	22,900	-	-	(10,000)	12,900
Federal gas tax	168,073	225,461	5,337	(5,337)	393,534
Tile and municipal drain prelevies	39,754	-	-	(5,937)	33,817
	<u>\$ 295,568</u>	<u>312,341</u>	<u>6,209</u>	<u>(30,437) \$</u>	<u>583,681</u>

Federal gas tax

Gas tax revenue is provided by the Government of Canada. The use of the funding is established by a funding agreement between the The Corporation of the Township of East Zorra - Tavistock and the Government of Canada. Gas tax funding may be used towards designated capacity building projects as specified in the funding agreements.

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**The Corporation of the Township of East Zorra - Tavistock**  
**Notes to Consolidated Financial Statements**

**December 31, 2010**

**4. Long-Term Debt**

Long-term debt reported on the statement of financial position is comprised of the following:

	2010	2009
Tavistock Firehall loan, bearing interest at 4.69%, repayable in quarterly instalments of \$11,541. The loan is due November 2015 and recoverable from future taxation and user fees	\$ 204,749	\$ 240,287
Municipal drainage loans, bearing interest between 4.30% and 5.50% and repayable in annual installments. The loans are due between 2011 and 2013 and recoverable from benefiting landowners	154,450	230,757
Tile drainage loans, bearing interest between 6% and 8% and repayable in annual instalments. The loans are due between 2011 and 2020 and are recoverable from benefiting landowners	253,905	261,411
	<b>613,104</b>	<b>732,455</b>

Principal payments relating to long-term debt of \$613,104 outstanding are due as follows.

	Principal Repayments
2011	\$ 152,858
2012	105,807
2013	109,952
2014	74,308
2015	76,252
Thereafter	93,927
	<b>\$ 613,104</b>

**The Corporation of the Township of East Zorra - Tavistock**  
**Notes to Consolidated Financial Statements**

**December 31, 2010**

**5. Tangible Capital Assets**

								<b>2010</b>
	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Infrastructure	Total	
Cost, beginning of year	\$ 894,536	\$ 274,599	\$ 5,248,923	\$ 1,225,454	\$ 2,131,072	\$ 14,634,372	\$ 24,408,956	
Additions	289,626	381,678	20,552	49,384	26,139	6,496,553	7,263,932	
Disposals	(432)	-	(28,752)	-	-	(99,307)	(128,491)	
Cost, end of year	<u>\$ 1,183,730</u>	<u>\$ 656,277</u>	<u>\$ 5,240,723</u>	<u>\$ 1,274,838</u>	<u>\$ 2,157,211</u>	<u>\$ 21,031,618</u>	<u>\$ 31,544,397</u>	
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 1,087,850	\$ 462,968	\$ 820,202	\$ 3,725,213	\$ 6,096,233	
Amortization	-	-	78,952	85,489	137,444	320,196	622,081	
Disposals	-	-	(12,405)	-	-	(23,397)	(35,802)	
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,154,397</u>	<u>\$ 548,457</u>	<u>\$ 957,646</u>	<u>\$ 4,022,012</u>	<u>\$ 6,682,512</u>	
Net carrying amount, end of year	<u>\$ 1,183,730</u>	<u>\$ 656,277</u>	<u>\$ 4,086,326</u>	<u>\$ 726,381</u>	<u>\$ 1,199,565</u>	<u>\$ 17,009,606</u>	<u>\$ 24,861,885</u>	

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from service) is \$4,060,236 (2009 - \$2,734,605). During the year contributed (nature of capital assets) capital assets of \$1,042,769 (2009 - \$nil) were recognized in the financial statements.

**The Corporation of the Township of East Zorra - Tavistock**  
**Notes to Consolidated Financial Statements**

**December 31, 2010**

**5. Tangible Capital Assets (continued)**

								2009
	Land	Land improvement	Buildings	Machinery and equipment	Vehicle	Infrastructure	Total	
Cost, beginning of year	\$ 894,536	\$ 267,399	\$ 4,856,076	\$ 1,093,997	\$ 2,123,645	\$ 11,604,514	\$ 20,840,167	
Additions		7,200	392,847	131,457	26,204	3,045,687	3,603,395	
Disposals		-	-	-	(18,777)	(15,829)	(34,606)	
Cost, end of year	<u>\$ 894,536</u>	<u>\$ 274,599</u>	<u>\$ 5,248,923</u>	<u>\$ 1,225,454</u>	<u>\$ 2,131,072</u>	<u>\$ 14,634,372</u>	<u>\$ 24,408,956</u>	
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 1,014,117	\$ 385,298	\$ 705,168	\$ 3,443,025	\$ 5,547,608	
Amortization		-	73,733	77,670	133,811	288,377	573,591	
Disposals		-	-	-	(18,777)	(6,189)	(24,966)	
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,087,850</u>	<u>\$ 462,968</u>	<u>\$ 820,202</u>	<u>\$ 3,725,213</u>	<u>\$ 6,096,233</u>	
Net carrying amount, end of year	<u>\$ 894,536</u>	<u>\$ 274,599</u>	<u>\$ 4,161,073</u>	<u>\$ 762,486</u>	<u>\$ 1,310,870</u>	<u>\$ 10,909,159</u>	<u>\$ 18,312,723</u>	

**The Corporation of the Township of East Zorra - Tavistock**  
**Notes to Consolidated Financial Statements**

**December 31, 2010**

**6. Accumulated Surplus**

The Corporation of the Township of East Zorra - Tavistock segregates its accumulated surplus in the following categories:

	2010	2009
Investment in tangible capital assets	\$ 24,861,885	\$ 18,312,723
Current Funds	(1,810,187)	(612,824)
Reserve and reserve funds		
Working funds	250,000	250,000
Capital purposes	1,709,995	2,511,001
Current purposes	463,447	326,000
Contingencies	241,656	237,258
Insurance	35,061	35,061
Investment in government business	1,609,240	1,662,243
Unfunded	-	(4,965)
	\$ 27,361,097	\$ 22,716,497

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.

**7. Government Transfers - Federal**

	Budget 2010	Actual 2010	Actual 2009
	(Note 12)		
Federal Transfers			
Operating			
Unconditional	\$ 1,500	\$ 1,874	\$ 1,882
Capital			
Infrastructure stimulus funding	1,019,600	1,043,352	705,119
Federal gas tax revenue	10,500	5,337	423,279
	\$ 1,031,600	\$ 1,050,563	\$ 1,130,280

**The Corporation of the Township of East Zorra - Tavistock**  
**Notes to Consolidated Financial Statements**

**December 31, 2010**

**8. Government Transfers - Provincial**

	Budget 2010	Actual 2010	Actual 2009
	(Note 12)		
Provincial Transfers			
Operating			
Ontario municipal partnership fund	\$ 1,548,500	\$ 1,631,300	\$ 1,548,500
Unconditional	55,700	48,089	149,551
Capital			
Infrastructure stimulus funding	1,096,065	1,044,719	705,218
	<b>\$ 2,700,265</b>	<b>\$ 2,724,108</b>	<b>\$ 2,403,269</b>

**9. Other Income**

	Budget 2010	Actual 2010	Actual 2009
	(Note 12)		
Penalties and interest on taxation	\$ 60,000	\$ 75,971	\$ 68,633
Other fines and penalties	1,500	450	925
Investment income	72,500	23,906	30,536
Licences, permits and rents	59,000	59,264	55,174
Donations	1,151,700	1,149,134	177,880
Prepaid special charges	232,000	231,402	16,151
Sale of publications, equipment and other	79,200	101,487	101,195
Sale of land, equipment and other assets	100,000	10,000	-
Government business enterprises	55,000	55,100	55,100
Other	-	19,163	83,444
	<b>\$ 1,810,900</b>	<b>\$ 1,725,877</b>	<b>\$ 589,038</b>

**The Corporation of the Township of East Zorra - Tavistock**  
**Notes to Consolidated Financial Statements**

**December 31, 2010**

**10. Expenses by Object**

	Budget 2010	Actual 2010	Actual 2009
	(Note 12)		
Salaries, wages and benefits	\$ 1,371,225	\$ 1,428,302	\$ 2,592,490
Materials	2,040,290	2,028,774	1,514,403
Rental	2,500	2,548	2,750
Fees and contracted services	1,453,375	1,451,813	702,173
Interest on long-term debt	32,240	39,873	41,629
Contributions to other organizations	2,550	22,554	6,306
Amortization	-	622,081	573,591
Other	-	-	7,640
	<b>\$ 4,902,180</b>	<b>\$ 5,595,945</b>	<b>\$ 5,440,982</b>

**11. Trust Funds**

The trust funds administered by the municipality amounting to \$5,294 (2009 - \$4,894) have not been included in the consolidated statement of financial position nor have the financial activities been included in the consolidated statement of operations.

	2010	2009
Cemetery Care and Maintenance funds	<b>\$ 5,294</b>	<b>\$ 4,894</b>

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**The Corporation of the Township of East Zorra - Tavistock**  
**Notes to Consolidated Financial Statements**

**December 31, 2010**

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**12. Budget**

The Financial Plan (Budget) By-Law adopted by Council on May 19, 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 expensed all tangible capital expenditures rather than including 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 May 19, 2010 with adjustments as follows:

	<u>2010</u>
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	7,026,863
Budgeted transfers to accumulated surplus	1,194,025
Principal payments on debt	131,370
Less:	
Budgeted transfers from accumulated surplus	(1,487,576)
Proceeds on sale of tangible capital assets	(100,000)
Debenture issue on capital assets	<u>(1,500,000)</u>
Budget surplus per statement of operations	<u>\$ 5,264,682</u>

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**The Corporation of the Township of East Zorra - Tavistock**  
**Notes to Consolidated Financial Statements**

**December 31, 2010**

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**13. Segmented Information**

The Corporation of the Township of East Zorra - Tavistock is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

**General Government**

This item related to the revenues and expenses that relate to the operations of the Municipality itself and cannot be directly attributed to specific segment.

**Protection to Persons and Property**

Protection is comprised of police services, fire protection and protective inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. Protective inspection provides services related to the enforcement of building and constructions codes.

**Transportation**

Transportation is responsible for the maintenance and upkeep of the Municipality's roads, winter control and street lighting.

**Health**

Health services relate to maintaining the Municipality's cemeteries.

**Recreation and Cultural Services**

This service area provides services meant to improve the health and development of the Municipality's citizens such as recreational program services.

**Planning and Development**

This department provides a number of services including planning, economic development and maintenance of the Municipality's drain's.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers have been measured on the basis of the actual cost of services provided. Amounts that are directly attributable to a number of segment have been allocated on a reasonable basis as follows:

Taxation and grants	allocated to those segments that are funded by these amounts based on the budgeted net operating revenue for the year
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**The Corporation of the Township of East Zorra - Tavistock**  
**Notes to Consolidated Financial Statements**

**December 31, 2010**

**13. Segmented Information**

For the year ended December 31	General Government	Protection to persons and property	Transportation	Health Services	Social Services	Recreation and cultural services	Planning and development	2010 Total
<b>Revenue</b>								
Taxation	\$ 676,807	\$ 680,195	\$ 1,303,915	\$ 1,504	\$ 1,556	\$ 597,739	\$ 45,109	3,306,825
Government grants	455,920	436,338	3,377,503	742	768	294,873	116,683	4,682,827
User fees and service charges	23,521	42,504	30,401	-	-	445,139	36,454	578,019
Other	139,730	-	1,042,769	-	-	206,588	283,787	1,672,874
	<u>1,295,978</u>	<u>1,159,037</u>	<u>5,754,588</u>	<u>2,246</u>	<u>2,324</u>	<u>1,544,339</u>	<u>482,033</u>	<u>10,240,545</u>
<b>Expenses</b>								
Salaries and wages	506,517	483,440	408,313	-	-	14,870	15,162	1,428,302
Goods and services	218,408	1,312,257	458,417	1,365	968	623,775	807,811	3,423,001
Interest	-	10,625	-	-	-	-	29,248	39,873
Amortization	20,931	114,334	416,569	-	-	70,246	-	622,080
Other	6,779	-	75,910	-	-	-	-	82,689
	<u>752,635</u>	<u>1,920,656</u>	<u>1,359,209</u>	<u>1,365</u>	<u>968</u>	<u>708,891</u>	<u>852,221</u>	<u>5,595,945</u>
<b>Net surplus (deficit)</b>	<u>\$ 543,343</u>	<u>\$ (761,619)</u>	<u>\$ 4,395,379</u>	<u>\$ 881</u>	<u>\$ 1,356</u>	<u>\$ 835,448</u>	<u>\$ (370,188)</u>	<u>\$ 4,644,600</u>

**The Corporation of the Township of East Zorra - Tavistock**  
**Notes to Consolidated Financial Statements**

**December 31, 2010**

**13. Segmented Information (continued)**

For the year ended December 31	General Government	Protection to persons and property	Transportation	Health Services	Social services	Recreation and cultural services	Planning and development	2009 Total
<b>Revenue</b>								
Taxation	\$ 471,213	\$ 1,412,797	\$ 824,446	\$ 1,023	\$ 1,059	\$ 403,682	\$ 28,895	\$ 3,143,115
Government grants	360,819	837,163	2,460,945	504	521	198,879	85,778	3,944,609
User fees and service charges	21,328	454,875	28,359	-	-	461,928	33,179	999,669
Other	123,605	24,249	-	-	-	342,760	63,818	554,432
	<u>976,965</u>	<u>2,729,084</u>	<u>3,313,750</u>	<u>1,527</u>	<u>1,580</u>	<u>1,407,249</u>	<u>211,670</u>	<u>8,641,825</u>
<b>Expenses</b>								
Salaries and wages	458,301	1,695,199	415,804	-	-	10,531	12,655	2,592,490
Goods and services	251,153	678,819	591,068	1,365	1,237	616,972	92,658	2,233,272
Interest	-	12,241	-	-	-	-	29,388	41,629
Amortization	17,717	112,621	380,566	-	-	62,687	-	573,591
	<u>727,171</u>	<u>2,498,880</u>	<u>1,387,438</u>	<u>1,365</u>	<u>1,237</u>	<u>690,190</u>	<u>134,701</u>	<u>5,440,982</u>
<b>Net surplus (deficit)</b>	<u>\$ 249,794</u>	<u>\$ 230,204</u>	<u>\$ 1,926,312</u>	<u>\$ 162</u>	<u>\$ 343</u>	<u>\$ 717,059</u>	<u>\$ 76,969</u>	<u>\$ 3,200,843</u>