

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

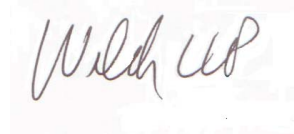
AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of:
THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

We have audited the consolidated statement of financial position of **THE CORPORATION OF THE COUNTY OF PRINCE EDWARD** as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, change in net financial liabilities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations, change in net financial liabilities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Picton, Ontario
November 25, 2010

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

	<u>2009</u>	<u>2008</u>
FINANCIAL ASSETS		
Cash - note 4	\$ 9,238,435	\$ 15,973,451
Taxes receivable	3,449,696	2,775,571
Trade and other receivables	8,925,705	2,827,038
Long-term receivables - note 5	74,739	109,254
Long-term investments - note 6	<u>55,763</u>	<u>55,763</u>
	<u>21,744,338</u>	<u>21,741,077</u>
 LIABILITIES		
Bank indebtedness - note 7	3,380,276	-
Temporary borrowing - note 8	3,200,000	-
Accounts payable and accrued liabilities	6,371,902	4,229,191
Prepaid property taxes - note 9	966,373	850,175
Other liabilities - note 10	1,813,740	1,315,472
Deferred revenue - note 11	6,444,761	8,846,009
Municipal debt - note 12	17,814,870	15,842,846
Obligation under capital lease - note 13	<u>363,304</u>	<u>365,220</u>
	<u>40,355,226</u>	<u>31,448,913</u>
NET FINANCIAL LIABILITY	(18,610,888)	(9,707,836)
 NON-FINANCIAL ASSETS		
Tangible capital assets - note 14, schedule	191,980,721	177,143,644
Inventory - note 15	2,985,737	8,756
Prepaid expense	<u>188,456</u>	<u>174,186</u>
	<u>195,154,914</u>	<u>177,326,586</u>
ACCUMULATED SURPLUS - note 16	<u>\$ 176,544,026</u>	<u>\$ 167,618,750</u>

CONTINGENT LIABILITIES - note 19

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED DECEMBER 31, 2009

	2009 <u>Budget</u> (unaudited)	2009 <u>Actual</u>	2008 <u>Actual</u>
REVENUES			
Net taxes available for municipal purposes - note 17	\$ 23,131,561	\$ 23,309,450	\$ 21,480,572
User fees and sale of goods and services	9,318,303	9,090,008	9,490,909
Government transfers			
Canada	187,650	260,359	253,956
Ontario	9,750,944	9,761,461	10,222,693
Other municipalities	-	111,020	-
Investment income	207,707	91,847	333,957
Fines and penalties	773,000	718,325	784,940
Donations	34,900	69,244	64,913
Miscellaneous	-	-	5,000
	<u>43,404,065</u>	<u>43,411,714</u>	<u>42,636,940</u>
EXPENDITURES			
General government	4,136,811	4,085,866	3,983,230
Protection services	7,186,185	7,428,669	6,916,288
Transportation services	11,939,550	12,029,175	12,552,253
Environmental services	6,926,789	7,020,769	7,578,890
Health services	2,814,586	2,831,232	2,689,822
Social and family services	8,172,647	8,103,461	8,147,765
Social housing	874,000	912,953	848,604
Recreation and cultural services	4,526,160	4,703,860	4,321,437
Planning and development	2,023,862	1,655,910	1,585,126
	<u>48,600,590</u>	<u>48,771,895</u>	<u>48,623,415</u>
NET EXPENDITURES	<u>(5,196,525)</u>	<u>(5,360,181)</u>	<u>(5,986,475)</u>
OTHER INCOME AND EXPENSES RELATED TO CAPITAL			
Net taxes available for municipal purposes - note 17	535,264	535,264	1,064,126
Government transfers			
Canada	9,645,514	6,171,467	1,727,443
Ontario	6,135,900	7,362,450	1,542,898
Other	699,500	271,761	108,419
Tangible capital assets gain (loss)	-	(76,785)	(135,145)
	<u>17,016,178</u>	<u>14,264,157</u>	<u>4,307,741</u>
ANNUAL SURPLUS (DEFICIT)	11,819,653	8,903,976	(1,678,734)
ACCUMULATED SURPLUS , beginning of year	167,618,750	167,618,750	169,297,484
Proportionate consolidation adjustment	-	21,300	-
ACCUMULATED SURPLUS , beginning of year adjusted	<u>167,618,750</u>	<u>167,640,050</u>	<u>169,297,484</u>
ACCUMULATED SURPLUS , end of year	<u>\$ 179,438,403</u>	<u>\$ 176,544,026</u>	<u>\$ 167,618,750</u>

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES
YEAR ENDED DECEMBER 31, 2009

	2009 <u>Budget</u> (unaudited)	2009 <u>Actual</u>	2008 <u>Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ 11,819,653	\$ 8,903,976	\$ (1,678,734)
Amortization of tangible capital assets	6,902,498	6,923,164	6,822,264
Acquisition of tangible capital assets	(32,732,308)	(23,698,176)	(9,006,446)
Changes in assets under construction		1,850,732	1,723,536
Consolidation adjustment tangible capital assets		6,849	-
Gain on sale of tangible capital assets		76,785	135,145
Proceeds on sale of tangible capital assets		10,418	37,142
Acquisition of supplies inventories		(3,033,626)	(8,755)
Acquisition of prepaid expense		(188,265)	(174,186)
Consumption of supplies inventories		57,040	14,759
Use of prepaid expense		174,186	174,412
	<hr/>	<hr/>	<hr/>
Change in Net Financial Liabilities	(14,010,157)	(8,916,917)	(1,960,863)
NET FINANCIAL LIABILITIES , beginning of year	(9,707,836)	(9,707,836)	(7,746,973)
Proportionate consolidation adjustment		13,865	-
NET FINANCIAL LIABILITIES , beginning of year adjusted	<hr/> (9,707,836)	<hr/> (9,693,971)	<hr/> (7,746,973)
NET FINANCIAL LIABILITIES , end of year	<hr/> <u>\$ (23,717,993)</u>	<hr/> <u>\$ (18,610,888)</u>	<hr/> <u>\$ (9,707,836)</u>

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2009

	<u>2009</u>	<u>2008</u>
OPERATING		
Annual surplus (deficit)	\$ 8,903,976	\$ (1,678,734)
Non-cash charges to operations:		
Amortization	6,923,164	6,822,264
Post-employment benefits	52,815	28,494
Gain on sale of tangible capital assets	76,785	135,145
Solid waste landfill closure and post-closure liabilities	349,869	249,560
Changes in:		
Taxes receivable	(674,125)	10,658
Trade and other receivables	(6,094,104)	(727,427)
Prepaid expense	(14,078)	6,003
Inventory	(2,976,586)	227
Long - term receivables	34,515	19,861
Accounts payable and accrued liabilities	2,138,592	341,046
Prepaid property taxes	116,198	77,532
Other liabilities	95,584	55,223
Deferred revenue	<u>(2,401,906)</u>	<u>6,584,593</u>
Cash provided by operating activities	<u>6,530,699</u>	<u>11,924,445</u>
CAPITAL		
Acquisition of tangible capital assets	(21,840,595)	(7,282,910)
Proceeds on sale of tangible capital assets	<u>10,418</u>	<u>37,142</u>
Cash utilized by capital activities	<u>(21,830,177)</u>	<u>(7,245,768)</u>
FINANCING		
Proceeds from bank indebtedness	3,380,276	-
Proceeds from temporary borrowing	3,200,000	-
Proceeds from long-term debt	3,371,346	3,202,333
Repayment of long-term debt	(1,399,525)	(1,178,448)
Repayment of obligation under capital lease	<u>(1,916)</u>	<u>(1,542)</u>
Cash provided by financing activities	<u>8,550,181</u>	<u>2,022,343</u>
INCREASE (DECREASE) IN CASH	(6,749,297)	6,701,020
CASH AND CASH EQUIVALENTS, beginning of year	15,973,451	9,272,431
Proportionate consolidation adjustment	<u>14,282</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, beginning of year adjusted	15,987,733	9,272,431
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 9,238,436</u>	<u>\$ 15,973,451</u>

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

The Corporation of The County of Prince Edward is a municipality in the Province of Ontario, Canada and operates under the provisions of the Ontario Municipal Act.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The Corporation of The County of Prince Edward are the representation of management prepared in accordance with accounting policies prescribed for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the Corporation and which are owned or controlled by the Corporation. The controlled organizations include the following:

The County of Prince Edward Public Library Board
Picton Business Improvement Area Board of Management

Interdepartmental and organizational transactions and balances are eliminated.

The following local boards and joint boards are proportionately consolidated:

Centre and South Hastings Waste Services Board

The following local boards and joint boards are not consolidated:

The Hastings and Prince Edward Counties Health Unit

Accounting for School Board Transactions

Taxation and other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements. Taxation collected on behalf of the school boards and transferred to the school boards during the year is reported in note 17 to these statements.

Trust Funds

Trust funds and their related operations administered by the Corporation are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Balance Sheet".

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.

Land Held for Resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

Deferred Revenue

The Corporation receives contributions under the authority of provincial legislation and funding agencies. These funds, by their nature, are restricted in their use, and, until applied to applicable projects, are recorded as deferred revenue. Amounts applied to projects are recorded as revenue in the fiscal period in which they are expended.

Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital expenditures. Transfers to, or from, reserves and reserve funds are recorded as an adjustment to the respective fund when approved.

Government Transfers

Government transfers are recognized as revenues or expenditures in the year that the events giving rise to the transfer occurred, provided the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation and Related Revenues

Property tax billings are prepared by the Corporation based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Municipal Council incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the school boards. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued. A normal part of the assessment process is the issue of supplementary assessment rolls that provide updated information with respect to changes in property assessment.

Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the school boards as appropriate.

Non-Financial Assets

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

Tangible Capital Assets

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

a) Asset Categories and Estimated Useful Life

Land	- not amortized
Land improvements	- 20-40 years
Buildings	- 20-50 years
Vehicles	- 5-20 years
Equipment	- 5-30 years
Pooled equipment	- 1-30 years
Transportation	
Bridges and structures	- 40-75 years
Curb and gutter	- 30 years
Curb stops (pooled)	- 30 years
Culverts	- 60 years
Roads	- 8-50 years
Sidewalks	- 40 years
Water and Wastewater networks	
Sewer network	- 60-80 years
Storm sewer network	- 50 years
Water network	- 15-80 years

No annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time the costs are transferred to the appropriate asset category.

b) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. Similarly, transfer of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

c) Works of Art

Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts, are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property can not be made.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

1. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

d) 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.

Inventories of Supplies

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

Use of Estimates

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

2. **ACCOUNTING CHANGES**

Effective January 1, 2009, the Corporation changed its accounting principles to comply with the accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants. Public Sector Accounting Handbook (PSAB) Section 1000 (Financial Statement Concepts), Section 1100 (Financial Statement Objectives) and Section 1200 (Financial Statement Presentation) which have replaced Section 1700 (Objectives of Financial Statements) and Section 1800 (General Standards of Financial Statement Presentation), set out definitions of assets, liabilities, revenues and expenses, the scope of activities to be included in a government's financial position and results, reporting net debt, the change in net debt, statement of operations and information about non-financial assets.

Effective January 1, 2009, the Corporation adopted PSAB Handbook Section 3150 (Tangible Capital Assets), which establishes new standards for the measurement and disclosure of Tangible Capital Assets. It requires tangible capital assets to be measured at historical cost less accumulated amortization, provides guidance on when conditions indicate that a tangible capital asset should be written down and how to account for the disposal of tangible capital assets.

The Corporation's financial statements have been prepared to comply with the provision of these Sections. Prior year data has been restated on the same basis, wherever possible, to be comparable with current year's presentation.

3. **FINANCIAL INSTRUMENTS**

The Corporation's financial instruments consist of cash, taxes receivable, trade and other receivables, long-term receivables, long-term investments, temporary borrowing, accounts payable and accrued liabilities, deposits and municipal debt. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from its financial instruments.

4. **RESTRICTED ASSETS**

Cash in the amount of \$8,017,466 (2008 - \$8,099,290) has been restricted to support obligatory reserve funds and deferred revenue.

5. **LONG-TERM RECEIVABLES**

Long-term receivables consist of the following:

	<u>2009</u>	<u>2008</u>
Tile drainage debentures - to be recovered from landowners over the following 8 years	\$ 74,739	\$ 109,254

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

6. LONG - TERM INVESTMENTS

Long-term investments consist of the following:

	<u>2009</u>	<u>2008</u>
Investment in Sun Life Financial Services shares	\$ 55,763	\$ 55,763

The investment in Sun Life Financial Services shares is recorded at the fair market value in 1999, when the shares were issued on demutualization. The fair value of the shares at December 31, 2009 amounted to \$107,266 (2008- \$100,848).

Investment in Government Partnership

The Corporation is a member of the Centre & South Hastings Waste Services Board, a Joint Municipal Service Board operating waste reduction programs including recycling, hazardous waste management and composting. Consistent with generally accepted accounting treatment for government partnerships, the joint service board is accounted for on a proportionate consolidated basis whereby the Corporation's pro-rata share of each of the financial assets, liabilities, non-financial assets, revenues and expenditures are combined on a line by line basis in the consolidated financial statements.

During the year the County paid \$369,944 (2008 - \$359,254) to Centre & South Hasting Waste Services Board for recycling services.

The Condensed supplementary financial information is as follows:

	<u>2009</u>		<u>2008</u>	
	Total	County Portion 14.60%	Total	County Portion 13.97%
Financial Position				
Financial Assets				
Cash and investments	\$ 1,776,739	\$ 259,404	\$ 2,267,076	\$ 316,711
Accounts receivable	773,798	112,975	724,259	101,179
	<u>2,550,537</u>	<u>372,378</u>	<u>2,991,335</u>	<u>417,889</u>
Liabilities				
Accounts payable and accrued liabilities	631,103	92,141	653,886	91,348
Deferred revenue	80,753	11,790	104,386	14,583
Bank term loan payable	-	-	32,250	4,505
	<u>711,856</u>	<u>103,931</u>	<u>790,522</u>	<u>110,436</u>
Net Financial Assets	<u>1,838,681</u>	<u>268,447</u>	<u>2,200,813</u>	<u>307,453</u>
Non-Financial Assets				
Tangible capital assets	949,464	138,622	1,087,088	151,866
Inventories	61,715	9,010	62,674	8,756
Prepays	30,684	4,480	30,300	4,233
	<u>1,041,863</u>	<u>152,112</u>	<u>1,180,062</u>	<u>164,855</u>
Accumulated Surplus	<u>\$ 2,880,544</u>	<u>\$ 420,559</u>	<u>\$ 3,380,875</u>	<u>\$ 472,307</u>
Statement of Operations				
Revenue				
Government transfers	\$ 1,882,784	\$ 274,886	\$ 1,838,291	\$ 256,809
User fees	2,079,712	303,638	2,864,053	400,108
Interest income	23,216	3,390	88,257	12,330
	<u>3,985,712</u>	<u>581,914</u>	<u>4,790,601</u>	<u>669,247</u>
Expenditures				
Environmental services	<u>4,486,043</u>	<u>654,962</u>	<u>4,858,368</u>	<u>678,714</u>
Annual Deficit	<u>\$ (500,331)</u>	<u>\$ (73,048)</u>	<u>\$ (67,767)</u>	<u>\$ (9,467)</u>

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

7. **BANK INDEBTEDNESS**

The Corporation has an operating line of credit of \$5 million at an interest rate of prime less .25%.

8. **TEMPORARY BORROWING**

The Corporation has arranged up to \$22,700,000 in bridge financing for a number of capital projects.

The Ontario Infrastructure Projects Corporation (OPIC) advance bears interest at a floating rate per annum as determined by OPIC based on OPIC's cost of funds plus OPIC's prevailing spread assigned to the borrower sector for delivery costs and risks. The advance is due on the earlier of the facility termination date or the debenture purchase date for the projects for which the advance was made.

9. **PREPAID PROPERTY TAXES**

As a service to landowners, the Corporation offers a monthly payment plan for property tax billings. The plan is set up such that the annual bill is paid by the end of September. As the billings are spread over the full twelve month period, this leads to a prepayment of the subsequent year tax billings that is credited to the landowner account. These amounts reverse to net taxation revenue annually.

10. **OTHER LIABILITIES**

Other liabilities consist of the following:

	<u>2009</u>	<u>2008</u>
Deposits	\$ 446,845	\$ 351,261
Employee future benefits	143,895	91,080
Solid waste landfill closure and post-closure care	<u>1,223,000</u>	<u>873,131</u>
	<u>\$ 1,813,740</u>	<u>\$ 1,315,472</u>

a) *Deposits*

These amounts relate to refundable deposits collected by the Corporation on projects that will require inspection by municipal employees. Once the project has passed inspection, the deposits are refunded. Should the project fail inspection, the deposit is allocated to offset the cost of municipal employees bringing the project to the accepted standard.

b) *Employee future benefits*

The Corporation provides certain post employment benefits to its employees as well as benefits to employees on long-term disability leave. The Corporation has estimated that this liability, based on the present value of estimated future premium payments, amounted to \$143,895 (2008 - \$91,080). Calculation of this liability on an actuarial basis could result in amounts that differ from this estimate.

c) *Solid Waste Landfill Closure and Post-Closure Care*

The Ontario Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. The estimated liability for these expenditures is recognized based on the cumulative capacity used to date, compared to the total estimated landfill capacity.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

10. OTHER LIABILITIES (continued)

The remaining life for the landfill sites is estimated to be 10 years for Ameliasburgh, 13 years for Hillier, 12 years for South Marysburgh and 11 years for the Wellington site. Post-closure care is estimated to continue for a period of approximately 20 years.

Reserves set aside for landfill site closure and post-closure requirements amounted to \$1,167,676 at December 31, 2009 (2008 - \$1,102,676).

Landfill Site	Remaining Capacity (Cubic Metres)	Liability December 31, 2009	Liability December 31, 2008
Ameliasburgh	113,615	\$ 276,100	\$ 147,718
Hillier	46,310	283,400	142,357
South Marysburgh	35,740	308,800	287,950
Wellington	12,530	354,700	295,106
	208,195	\$ 1,223,000	\$ 873,131

Landfill site closure and post-closure care requirements include final cover and vegetation, and the treatment and monitoring of leachate, gas, and ground and surface water.

11. DEFERRED REVENUE

The balance of deferred revenue consists of the following:

	Balance December 31, 2008	Additions	Transferred to income	Balance December 31, 2009
Externally restricted				
Parkland	\$ 143,104	\$ 991	\$ -	\$ 144,095
Development charges	309,327	430,124	-	739,451
Gasoline Tax - Federal	1	1,620,758	1,618,657	2,102
Building services	267,983	134,801	73,117	329,667
Roads/bridges	3,796,433	-	2,204,822	1,591,611
Investing in Ontario Act	2,425,900	-	570,832	1,855,068
Water/sewer operations	1,800,054	458,507	772,444	1,486,117
	8,742,802	2,645,181	5,239,872	6,148,111
Government transfers	102,137	18,131	26,547	93,721
Donations	1,070	202,929	1,070	202,929
	\$ 8,846,009	\$ 2,866,241	\$ 5,267,489	\$ 6,444,761

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

12. MUNICIPAL DEBT

The balance of municipal debt consists of the following:

	<u>2009</u>	<u>2008</u>
Province of Ontario - financing tile drainage debentures issued to landowners, principal and interest to be recovered from landowners, maturing at various dates to 2016	\$ 74,739	\$ 109,254
Bank of Montreal - repayable by monthly payments of \$32,794, interest at a rate of 3.9%, maturing in 2019	3,254,311	3,508,511
Bank of Montreal - repayable by monthly payments of \$20,717, interest at a rate of 7.43%, maturing in 2010	202,815	228,625
Bank of Montreal - repayable by monthly payments of \$33,847, interest at a rate of 4.44%, maturing in 2010	1,509,983	1,841,195
Bank of Montreal - repayable by monthly payments of \$13,306, interest at a rate of 4.36%, maturing in 2010	1,376,591	1,473,974
Bank of Montreal - repayable by monthly payments of \$12,276, interest at a rate of 4.87%, maturing in 2011	1,322,873	1,403,662
Bank of Montreal - repayable by monthly payments of \$4,335, interest at a rate of 5.26%, maturing in 2011	98,529	144,080
Bank of Montreal - repayable by monthly payments of \$3,193, interest at a rate of 5.26%, maturing in 2011	72,574	106,126
Bank of Montreal - repayable by monthly payments of \$3,726, interest at a rate of 4.96%, maturing in 2012	425,877	448,863
Bank of Montreal - repayable by monthly payments of \$14,703, interest at a rate of 4.96%, maturing in 2012	1,680,335	1,771,024
Bank of Montreal - repayable by monthly payments of \$4,709, interest at a rate of 5.28%, maturing in 2012	156,437	203,354
Bank of Montreal - repayable by monthly payments of \$10,236, interest at a rate of 4.12%, maturing in 2013	1,305,124	1,372,703
Bank of Montreal - repayable by monthly payments of \$12,442, interest at a rate of 4.51%, maturing in 2015	764,417	876,534
Bank of Montreal - repayable by monthly payments of \$7,393, interest at a rate of 4.51%, maturing in 2015	454,191	520,807
Bank of Montreal - repayable by monthly payments of \$14,354, interest at a rate of 4.88%, maturing in 2018	1,744,728	1,829,629
Center & South Hastings Waste Services Board long-term debt repayable in blended monthly payments, interest at a rate of 6.2% maturing in September 2009	-	4,505
Bank of Montreal - repayable by monthly payments of \$5,842 interest at a rate of 4.35%, maturing in 2019	771,346	-
OPIC loan bears interest at 5.32%, payable in semi-annual payments of \$78,809, with maturity date of October 1, 2049	2,600,000	-
	<u>\$ 17,814,870</u>	<u>\$ 15,842,846</u>

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

12. MUNICIPAL DEBT (continued)

Interest included in expenditures in the Consolidated Statement of Operations relating to the bank loans totals \$816,621 with additional interest of \$7,827 being both received from landowners and paid on tile drainage debentures.

Principal payments are estimated to be as follows:

2010	\$ 4,118,890
2011	2,218,550
2012	2,658,431
2013	1,778,713
2014	725,835
Thereafter	6,314,451
	<u>\$ 17,814,870</u>

13. CAPITAL LEASE OBLIGATION

The following is a schedule of future minimum lease payments:

2010	\$ 81,780
2011	81,780
2012	81,780
2013	81,780
2014	81,780
After 2014	960,915
Total minimum lease payments	<u>1,369,815</u>
Less amount representing deemed interest	<u>1,006,511</u>
Balance of obligation	<u>\$ 363,304</u>

Assets under capital lease consist of a building. The lease has an initial term expiring in 2016. The Corporation has the right to renew the lease for two further five year terms.

	<u>2009</u>	<u>2008</u>
Cost of leased tangible capital asset	\$ 375,000	\$ 375,000
Accumulated amortization of leased tangible capital asset	56,250	37,500
	<u>\$ 318,750</u>	<u>\$ 337,500</u>

Amortization expense includes \$18,750 (2008- \$18,750) on leased tangible capital assets.

14. TANGIBLE CAPITAL ASSETS

a) *Land and land improvements*

Included in land and land improvements is land held for resale in the amount of \$107,743.

b) *Tangible capital asset cost*

Certain assets have been assigned a nominal value of one Canadian dollar, because of the difficulty of determining a tenable valuation. The most significant such assets are the Corporation's road allowances. The 2009 road network had 642 segments (2008 - 642), each of which has been assigned a value of a dollar for the road allowance itself.

Initial costs for tangible capital assets that were acquired and developed prior to 2009 were obtained via historical cost information or using current fair market values discounted by a relevant inflation factor back to the point of acquisition. Donated tangible capital assets received are recorded at their fair market value at the date of contribution.

c) *Works of art and historical treasures*

The Corporation owns both works of art and historical treasures at various museums and facilities. These assets are deemed worth of preservation because of the social rather than financial benefits they provide to the community. These assets are not recorded as tangible capital assets and are not amortized.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

15. INVENTORY

The inventory is comprised of the following:

	<u>2009</u>	<u>2008</u>
Inventory for resale	\$ 30,959	\$ 8,756
Inventory for own consumption	529,300	-
Gravel and sand supplies	2,425,478	-
	<u>\$ 2,985,737</u>	<u>\$ 8,756</u>

16. ACCUMULATED SURPLUS

The accumulated surplus position is comprised of the following:

	<u>2009</u>	<u>2008</u>
Equity in tangible capital assets	\$ 191,980,721	\$ 177,143,644
Less: related debt	(15,841,435)	(16,098,812)
Less: unfinanced capital projects	<u>(7,062,992)</u>	<u>(1,320,408)</u>
	169,076,294	159,724,424
Reserves and Reserve Funds	7,991,774	8,572,197
Amounts to be recovered		
Landfill closure and post-closure costs	(1,223,000)	(873,131)
Employee costs	(143,895)	(91,080)
Unrestricted Surplus (Deficit)		
County of Prince Edward	826,103	187,041
County of Prince Edward Public Library Board	(16,151)	10,594
Business Improvement Area	9,834	11,458
Centre and South Hastings Waste Services Board	<u>23,067</u>	<u>77,247</u>
	<u>\$ 176,544,026</u>	<u>\$ 167,618,750</u>

17. NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	2009 <u>Budget</u> (unaudited)	2009 <u>Actual</u>	2008 <u>Actual</u>
Taxes:			
Property taxes	\$ 30,084,162	\$ 30,055,601	\$ 28,937,111
Revenue in lieu of taxes	434,700	488,289	469,116
Other	302,406	427,190	189,163
	<u>30,821,268</u>	<u>30,971,080</u>	<u>29,595,390</u>
Less taxes on behalf of:			
Education	7,154,443	7,126,366	7,050,692
Net taxes available for municipal purposes	<u>\$ 23,666,825</u>	<u>\$ 23,844,714</u>	<u>\$ 22,544,698</u>
Net taxes available for municipal purposes consist of:			
Operating purposes	<u>\$ 23,131,561</u>	<u>\$ 23,309,450</u>	<u>\$ 21,480,572</u>
Capital purposes	<u>\$ 535,264</u>	<u>\$ 535,264</u>	<u>\$ 1,064,126</u>

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

18. PENSION AGREEMENTS

The Corporation makes contributions to the Ontario Municipal Employees Retirement System Pension Fund (OMERS), which is a multi-employer plan, for those employees who are members. The plan is a contributory defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions for employees with a normal retirement age of 65 were being made at a rate of 6.3% (2008 - 6.5%) for earnings up to the annual maximum pensionable earnings of \$46,300 (2008 - \$44,900) and at a rate of 9.5% (2008 - 9.6%) for earnings greater than the annual maximum pensionable earnings.

Contributions for employees with a normal retirement age of 60 (firefighters) were being made at a rate of 7.7% (2008 - 7.9%) for earnings up to the annual maximum pensionable earnings of \$46,300 (2008 - \$44,900) and at a rate of 12.8% (2008 - 10.7%) for earnings greater than the annual maximum pensionable earnings.

The amounts contributed to registered retirement savings plans and OMERS for 2009 was \$606,342 (2008 - \$586,955) for current service and are included as an expenditure on the Consolidated Statement of Operations and Accumulated Surplus. There is no past service liability. The actuarial valuation of the OMERS plan at December 31, 2009 indicated a deficit in the plan.

19. CONTINGENT LIABILITIES

- a) As a result of arbitration awards, McFarland Home employees can use the portion of accumulated sick leave benefits that have not vested to increase their income under the short-term or long-term disability plans or Workplace Safety and Insurance Board benefits to regular payroll levels.

Water department employees can use the portion of sick leave benefits accumulated to April 30, 1997 that have not vested to increase their income under the long-term disability plan to 85% of regular payroll levels, and to 100% of regular payroll levels under the short-term disability plan or Workplace Safety and Insurance Board benefits.

These amounts are not available for cash payment and are forfeited upon retirement.

The contingent liability for these accumulated days amounted to \$169,686 (2008 - \$165,117) at December 31, 2009. No amount has been accrued in the financial statements for this contingent liability.

- b) A large industrial ratepayer has appealed their property assessments for the years 2006 to 2009 inclusive. No amount has been accrued in the financial statements for this contingent liability as an estimate cannot be reasonably determined at this time.
- c) As at December 31, 2009, certain legal actions are pending against the Corporation. An estimate of the contingency cannot be made since the outcome of these matters cannot be determined at this time. The Corporation carries liability insurance. Any settlement in excess of amounts which have been recorded in the accounts and insurance coverage will be accounted for as a current transaction in the year of settlement.
- d) The Corporation has seven open gravel pit sites which will be reclaimed in the future. The estimated future costs of reclamation have not been accrued in these financial statements as an estimate cannot be reasonably determined at this time.

20. TRUST FUNDS

Trust funds administered by the Corporation amounting to \$587,149 (2008 - \$875,430) have not been included in the Consolidated Statement of Financial Position, nor have their operations been included on the Consolidated Statement of Operations. Such balances are held in trust by the Corporation for the benefit of others and are therefore not presented as part of the Municipal financial position or operations.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

21. COMMITMENTS

The Corporation has contracts committing it to payments in future years. The following agreements existed at December 31, 2009.

An agreement with the County of Hastings for the provision of land ambulance services to December 31, 2011. Costs will be charged on the basis of services used. Base charges for the 2009 year were \$2,005,736.

An agreement with the Province of Ontario for policing services. Costs will be charged on the basis of services used. Base charges for the 2009 year were \$4,089,869.

An agreement with the City of Quinte West for the provision of bulk water to the areas of Consecon and Carrying Place to July 27, 2027. Costs will be charged on the basis of water used. Base charges for the 2009 year were \$51,388.

An agreement with the City of Belleville for the provision of bulk water to the areas of Rossmore and Fenwood to December 31, 2020. Costs will be charged on the basis of water used. Base charges for the 2009 year were \$285,904.

An agreement with Canadian Waste Services Inc. for the collection of household waste. Base charges for the 2009 year were \$498,908.

The Corporation has entered into an agreement to repurchase a property at an amount to be determined by an appraisal of the property.

The Corporation has commitments under various operating leases. The minimum lease payments under these leases are as follows:

2010	\$	198,716
2011		177,252
2012		155,781
2013		151,109
2014		146,620
After 2014		400,870

22. PROVINCIAL OFFENCES ADMINISTRATION

The Provincial Offences Act 1997 (POA) is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor License Act, Municipal By-laws and minor federal offences. The POA governs all aspects of the legal process from serving notice to a defendant to conducting trials, including sentencing and appeals.

Balances arising from the operation of the POA office have been consolidated with these financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in the Picton Court. Offenders may pay their fines at any court office in Ontario, at which time their receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made. Total revenue and expenditures recorded as of December 31, 2009 are as follows:

	<u>2009</u>	<u>2008</u>
Gross revenues received	\$ 314,624	\$ 348,437
Gross expenditures	<u>177,545</u>	<u>188,423</u>
Net revenues	<u>\$ 137,079</u>	<u>\$ 160,014</u>

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

23. SEGMENTED INFORMATION

The Corporation provides a wide range of services to its residents. Segmented information has been identified based upon lines of service provided by the Corporation. Services are delivered directly by departments of the Corporation, by boards and agencies or by contract through other organizations. The lines of service that have been separately disclosed along with the department or body responsible for providing the service are as follows:

General Government

The General Government Services segment is comprised of the following service areas: Council and Mayor's Office, Administration/CAO's Office, Clerk's Office, Treasury Department, Purchasing Department, Information Technology, and Human Resources.

Protection services

The Protection Services segment is comprised of the following service areas: Police Services; Fire Protection and Rescue; Building Services; By-law Enforcement and Canine Control; Provincial Offences Administration and Quinte Conservation Authority. Policing is provided by contract with the Ontario Provincial Police.

Transportation services

The Transportation Services segment is comprised of the following service areas: Roads & Bridges including road and roadside maintenance, storm water maintenance, winter control, street lights and traffic signals; project planning, engineering and management; development planning and servicing; and Parking.

Environmental services

The Environmental Services segment is comprised of Water treatment and distribution; Wastewater collection and treatment; and Waste Management Services. Most waste management services are provided under contract.

Health services

The Health Services segment is comprised of Ambulance Services; Public Health Services provided by the Hastings and Prince Edward Health Unit; and Cemetery Maintenance. Ambulance service is provided under contract with Hastings County.

Social and family services

Social and Family Services segment is comprised of Children's Services and Ontario Works provided by Prince Edward - Lennox and Addington Social Services, and Assistance to Aged Persons – H. J. McFarland Memorial Home.

Social housing

Social Housing services are provided by Prince Edward - Lennox and Addington Social Services.

Recreation and cultural services

The Recreation and Cultural Services segment is comprised of the following service areas: Parks, Trails and Sports fields; Arenas; Harbours, Marinas and Boat Launches; Libraries and Archives; Community Halls/Theatre; Museums; and Recreational and Cultural Activities.

Planning and development

The Planning and Development Services segment is comprised of the following service areas: Planning and Zoning and Economic Development.

The segmented information was provided in accordance with the financial reporting guidelines established by the Public Sector Accounting Board of the CICA (section PS2700). Certain allocation methodologies are employed in the preparation of segmented financial information. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

24. BUDGET FIGURES

Budgets established by the Corporation are based on a project oriented basis, the costs of which may be carried out over one or more years. Although they are not directly comparable with current year actual amounts, budget figures have been reflected on the "Statement of Operations and Accumulated Surplus". Budget figures have been reclassified for the purpose of these financial statements to conform with PSAB reporting requirements.

25. PRIOR YEAR ADJUSTMENTS

The Corporation has restated its 2008 comparative figures to comply with the provisions of Section PS 1200 and PS 3150 of the Public Sector Accounting Board Handbook. The following summarizes these adjustments:

	Tangible Capital <u>Assets</u>	Opening Accumulated <u>Surplus (Deficit)</u>	Annual Surplus <u>(Deficit)</u>
As previously reported	\$ -	\$ (7,729,434)	\$ 452,420
Adjustments			
Cost	283,043,423		
Accumulated amortization	(106,188,138)		
Net book value of tangible capital assets		176,855,285	
Tangible capital assets previously expensed			7,279,132
Amortization			(6,802,973)
Net book value of tangible capital assets disposed of			(172,287)
Capital lease payments previously expensed			1,542
Investing in Ontario Act monies received			(2,425,900)
Centre and South Hastings Waste Services Board operations		314,396	(9,467)
Capital lease obligation		(366,762)	
Investment in Sun Life shares received on demutualization		55,763	
Prepaid expense		168,236	(1,201)
	<u>\$ 176,855,285</u>	<u>\$ 169,297,484</u>	<u>\$ (1,678,734)</u>

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

DECEMBER 31, 2009

	GENERAL					INFRASTRUCTURE					TOTALS	
	Land and Land Improvements	Building and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Other	Assets under Construction	Plants and Facilities	Roads	Underground and other Networks	Bridges and other Structures	Assets Under Construction	2009
Cost												
Opening costs	\$ 13,405,987	\$ 14,177,140	\$ 11,323,084	\$ 594,404	\$ 3,329,077	\$ 3,256	\$ 19,023,175	\$ 156,060,470	\$ 41,999,362	\$ 25,329,773	\$ 3,387,138	\$ 288,632,866
Additions during the year	741,700	466,326	457,949	240,603	199,999	4,588,184	292,207	1,196,193	251,457	1,344,620	13,918,938	23,698,176
Disposals and writedowns	(38,560)	7,733	(399,343)	(39,184)	(73,435)	(3,256)	-	(97,917)	-	(64,303)	(1,847,476)	(2,555,741)
Closing cost	<u>14,109,127</u>	<u>14,651,199</u>	<u>11,381,690</u>	<u>795,823</u>	<u>3,455,641</u>	<u>4,588,184</u>	<u>19,315,382</u>	<u>157,158,746</u>	<u>42,250,819</u>	<u>26,610,090</u>	<u>15,458,600</u>	<u>309,775,301</u>
Accumulated Amortization												
Opening Accumulated amortization	(3,035,679)	(6,994,938)	(5,835,826)	(256,093)	(1,403,399)	-	(9,627,668)	(69,046,949)	(8,073,804)	(7,214,866)	-	(111,489,222)
Amortization	(196,896)	(295,107)	(681,878)	(96,612)	(243,777)	-	(624,528)	(3,715,600)	(549,402)	(519,364)	-	(6,923,164)
Disposals and writedowns	39,190	(4,397)	368,591	39,217	71,476	-	-	50,964	-	52,765	-	617,806
Closing accumulated amortization	<u>(3,193,385)</u>	<u>(7,294,442)</u>	<u>(6,149,113)</u>	<u>(313,488)</u>	<u>(1,575,700)</u>	<u>-</u>	<u>(10,252,196)</u>	<u>(72,711,585)</u>	<u>(8,623,206)</u>	<u>(7,681,465)</u>	<u>-</u>	<u>(117,794,580)</u>
Net Book Value of Tangible Capital Assets	<u>\$ 10,915,742</u>	<u>\$ 7,356,757</u>	<u>\$ 5,232,577</u>	<u>\$ 482,335</u>	<u>\$ 1,879,941</u>	<u>\$ 4,588,184</u>	<u>\$ 9,063,186</u>	<u>\$ 84,447,161</u>	<u>\$ 33,627,613</u>	<u>\$ 18,928,625</u>	<u>\$ 15,458,600</u>	<u>\$ 191,980,721</u>

DECEMBER 31, 2008

	GENERAL					INFRASTRUCTURE					TOTALS	
	Land and Land Improvements	Building and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Other	Assets under Construction	Plants and Facilities	Roads	Underground and other Networks	Bridges and other Structures	Assets Under Construction	2008
Cost												
Opening costs	\$ 13,031,235	\$ 13,461,488	\$ 11,729,721	\$ 482,142	\$ 3,045,703	\$ 140,295	\$ 19,023,175	\$ 154,033,698	\$ 40,462,078	\$ 25,329,773	\$ 2,304,115	\$ 283,043,423
Additions during the year	374,752	715,652	940,353	112,262	399,590	3,256	-	2,238,244	1,556,073	-	2,666,264	9,006,446
Disposals and writedowns	-	-	(1,346,990)	-	(116,216)	(140,295)	-	(211,472)	(18,789)	-	(1,583,241)	(3,417,003)
Closing cost	<u>13,405,987</u>	<u>14,177,140</u>	<u>11,323,084</u>	<u>594,404</u>	<u>3,329,077</u>	<u>3,256</u>	<u>19,023,175</u>	<u>156,060,470</u>	<u>41,999,362</u>	<u>25,329,773</u>	<u>3,387,138</u>	<u>288,632,866</u>
Accumulated Amortization												
Opening Accumulated amortization	(2,853,264)	(6,728,656)	(6,400,135)	(171,534)	(1,274,267)	-	(9,003,140)	(65,522,971)	(7,538,816)	(6,695,355)	-	(106,188,138)
Amortization	(182,415)	(266,282)	(651,049)	(84,559)	(222,982)	-	(624,528)	(3,734,236)	(536,702)	(519,511)	-	(6,822,264)
Disposals and writedowns	-	-	1,215,358	-	93,850	-	-	210,258	1,714	-	-	1,521,180
Closing accumulated amortization	<u>(3,035,679)</u>	<u>(6,994,938)</u>	<u>(5,835,826)</u>	<u>(256,093)</u>	<u>(1,403,399)</u>	<u>-</u>	<u>(9,627,668)</u>	<u>(69,046,949)</u>	<u>(8,073,804)</u>	<u>(7,214,866)</u>	<u>-</u>	<u>(111,489,222)</u>
Net Book Value of Tangible Capital Assets	<u>\$ 10,370,308</u>	<u>\$ 7,182,202</u>	<u>\$ 5,487,258</u>	<u>\$ 338,311</u>	<u>\$ 1,925,678</u>	<u>\$ 3,256</u>	<u>\$ 9,395,507</u>	<u>\$ 87,013,521</u>	<u>\$ 33,925,558</u>	<u>\$ 18,114,907</u>	<u>\$ 3,387,138</u>	<u>\$ 177,143,644</u>

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED DECEMBER 31, 2009

	DECEMBER 31, 2009 BUDGET													CONSOLIDATED
	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	HEALTH SERVICES	SOCIAL AND FAMILY SERVICES	SOCIAL HOUSING	RECREATION AND CULTURAL SERVICES	PLANNING AND DEVELOPMENT	PICTON LIBRARY BOARD	PICTON BUSINESS IMPROVEMENT AREA	CENTRE AND SOUTH HASTINGS WASTE SERVICES BOARD	ELIMINATIONS	
REVENUES														
Net taxes available for municipal purposes - note 9	\$ 2,679,791	\$ 5,097,445	\$ 7,844,161	\$ 1,068,844	\$ 1,672,477	\$ 348,428	\$ -	\$ 2,431,515	\$ 1,090,361	\$ 818,539	\$ 80,000	\$ -	\$ -	\$ 23,131,561
User charges	145,000	826,050	163,795	5,391,444	20,000	1,472,119	-	751,530	237,000	2,888	11,500	296,977	-	9,318,303
Government Transfers														
Government of Canada	-	-	-	-	-	-	-	9,600	134,050	44,000	-	-	-	187,650
Province of Ontario	2,934,400	981,700	192,944	-	1,131,576	4,201,230	-	37,751	102,500	131,843	37,000	-	-	9,750,944
Other Municipalities	-	-	-	-	-	-	-	-	-	-	-	274,526	(274,526)	-
Investment Income	185,000	-	-	-	-	-	-	-	7,407	8,000	-	7,300	-	207,707
Fines and penalties	425,000	300,000	-	35,000	-	-	-	-	-	13,000	-	-	-	773,000
Donations	1,000	-	20,000	-	-	-	-	6,900	-	7,000	-	-	-	34,900
	6,370,191	7,205,195	8,220,900	6,495,288	2,824,053	6,021,777	-	3,237,296	1,571,318	1,025,270	128,500	578,803	(274,526)	43,404,065

	DECEMBER 31, 2009 ACTUAL													CONSOLIDATED
	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	HEALTH SERVICES	SOCIAL AND FAMILY SERVICES	SOCIAL HOUSING	RECREATION AND CULTURAL SERVICES	PLANNING AND DEVELOPMENT	PICTON LIBRARY BOARD	PICTON BUSINESS IMPROVEMENT AREA	CENTRE AND SOUTH HASTINGS WASTE SERVICES BOARD	ELIMINATIONS	
REVENUES														
Net taxes available for municipal purposes - note 9	\$ 1,988,108	\$ 5,964,645	\$ 7,844,161	\$ 1,068,844	\$ 1,672,477	\$ 348,428	\$ -	\$ 2,431,515	\$ 1,090,361	\$ 818,539	\$ 82,372	\$ -	\$ -	\$ 23,309,450
User charges	150,673	799,977	159,287	5,004,483	46,422	1,545,804	-	823,343	205,710	42,114	8,557	303,638	-	9,090,008
Government Transfers														
Government of Canada	-	-	-	8,000	-	-	-	61,028	133,122	55,709	2,500	-	-	260,359
Province of Ontario	428,110	961,232	246,380	-	1,047,451	5,876,594	874,000	54,506	52,389	155,891	64,908	-	-	9,761,461
Other municipalities	-	-	-	-	-	111,020	-	-	-	-	-	274,886	(274,886)	111,020
Investment Income	79,634	-	-	-	-	-	-	-	7,828	995	-	3,390	-	91,847
Fines and penalties	433,412	250,962	-	30,583	-	-	-	-	-	3,368	-	-	-	718,325
Donations	-	-	20,000	-	-	-	-	29,587	-	19,557	100	-	-	69,244
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	3,079,937	7,976,816	8,269,828	6,111,910	2,766,350	7,881,846	874,000	3,399,979	1,489,410	1,096,173	158,437	581,914	(274,886)	43,411,714
EXPENDITURES														
Salaries wages and employee benefits	2,242,921	1,953,478	2,958,638	1,544,124	-	4,106,654	-	1,561,699	856,183	810,119	39,188	-	-	16,073,004
Interest on long-term debt	-	-	477,715	236,944	79,864	22,098	-	7,827	-	-	-	-	-	824,448
Materials and Supplies	1,592,045	759,904	2,044,955	2,280,161	65,225	876,285	-	1,215,981	536,255	255,111	120,873	-	-	9,746,795
Contracted services and general services	-	4,099,221	1,535,790	1,294,668	2,020,760	-	-	145,258	14,053	-	-	634,296	(274,886)	9,469,160
Rents and Financial Expenses	36,075	52,683	221,124	85,683	5,220	2,013	-	110,106	70,500	-	-	-	-	583,404
External Transfers	157,382	251,243	-	-	522,688	2,980,747	912,953	205,362	121,545	-	-	-	-	5,151,920
Interfunctional adjustments	(42,589)	78,983	31,000	-	62,726	-	-	(5,120)	(125,000)	-	-	-	-	-
Amortization	100,032	233,157	4,759,953	1,199,113	74,749	115,664	-	293,434	14,486	111,910	-	20,666	-	6,923,164
	4,085,866	7,428,669	12,029,175	6,640,693	2,831,232	8,103,461	912,953	3,526,720	1,495,849	1,177,140	160,061	654,962	(274,886)	48,771,895
NET REVENUE/(EXPENDITURE)	\$ (1,005,929)	\$ 548,147	\$ (3,759,347)	\$ (528,783)	\$ (64,882)	\$ (221,615)	\$ (38,953)	\$ (126,741)	\$ (6,439)	\$ (80,967)	\$ (1,624)	\$ (73,048)	\$ -	\$ (5,360,181)

	DECEMBER 31, 2008 ACTUAL													CONSOLIDATED
	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	HEALTH SERVICES	SOCIAL AND FAMILY SERVICES	SOCIAL HOUSING	RECREATION AND CULTURAL SERVICES	PLANNING AND DEVELOPMENT	PICTON LIBRARY BOARD	PICTON BUSINESS IMPROVEMENT AREA	CENTRE AND SOUTH HASTINGS WASTE SERVICES BOARD	ELIMINATIONS	
REVENUES														
Net taxes available for municipal purposes - note 9	\$ 1,479,694	\$ 5,869,239	\$ 7,089,454	\$ 1,021,700	\$ 1,619,581	\$ 321,057	\$ -	\$ 2,239,762	\$ 1,011,282	\$ 749,190	\$ 79,613	\$ -	\$ -	\$ 21,480,572
User charges	124,398	983,015	138,248	5,248,059	29,743	1,484,313	-	762,784	301,989	12,280	5,972	400,108	-	9,490,909
Government Transfers														
Government of Canada	-	-	-	17,688	-	-	-	27,031	177,298	31,939	-	-	-	253,956
Province of Ontario	1,392,633	120,095	229,579	-	1,139,284	6,318,503	848,606	39,369	2,575	95,024	37,025	-	-	10,222,693
Other municipalities	-	-	-	-	-	-	-	-	-	-	-	256,809	(256,809)	-
Investment Income	305,583	-	-	-	-	-	-	-	8,845	7,200	-	12,329	-	333,957
Fines and penalties	405,371	342,064	-	31,862	-	-	-	-	-	5,643	-	-	-	784,940
Donations	-	-	24,182	-	-	5,000	-	23,480	-	12,176	75	-	-	64,913
Miscellaneous	-	-	-	-	-	-	-	5,000	-	-	-	-	-	5,000
	3,707,679	7,314,413	7,481,463	6,319,309	2,788,608	8,128,873	848,606	3,097,426	1,501,989	913,452	122,685	669,246	(256,809)	42,636,940
EXPENDITURES														
Salaries wages and employee benefits	1,995,114	1,810,230	2,903,310	1,506,084	4,919	3,875,222	-	1,419,690	844,525	642,123	39,948	-	-	15,041,165
Interest on long-term debt	-	-	415,752	207,638	80,238	25,035	-	-	8,845	-	-	-	-	737,508
Materials and Supplies	1,648,536	686,248	2,718,500	2,859,844	63,866	991,444	-	1,290,588	603,908	215,680	59,653	-	-	11,138,267
Contracted services and general services	-	3,794,770	1,530,140	1,321,098	1,961,764	-	-	143,502	6,972	-	-	659,423	(256,809)	9,160,860
Rents and Financial Expenses	40,225	62,319	213,731	78,189	5,220	2,239	-	138,810	20,791	-	-	-	-	561,524
External Transfers	210,000	250,132	-	-	498,355	3,136,800	848,604	98,862	119,074	-	-	-	-	5,161,827
Interfunctional adjustments	-	89,000	31,000	-	-	-	-	-	(120,000)	-	-	-	-	-
Amortization	89,355	223,589	4,739,820	1,184,132	75,460	117,025	-	265,694	1,410	106,488	-	19,291	-	6,822,264
	3,983,230	6,916,288	12,552,253	7,156,985	2,689,822	8,147,765	848,604	3,357,146	1,485,525	964,291	99,601	678,714	(256,809)	48,623,415
NET REVENUE/(EXPENDITURE)	\$ (275,551)	\$ 398,125	\$ (5,070,790)	\$ (837,676)	\$ 98,786	\$ (18,892)	\$ 2	\$ (259,720)	\$ 16,464	\$ (50,839)	\$ 23,084	\$ (9,468)	\$ -	\$ (5,986,475)

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD
CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 <u>Budget</u> (unaudited)	2009 <u>Actual</u>	2008 <u>Actual</u>
REVENUES			
Investment income	\$ -	\$ 32,204	\$ 122,122
Net revenues	<u>-</u>	<u>32,204</u>	<u>122,122</u>
TRANSFERS			
Transfers from (to) revenue fund	(92,876)	438,521	479,021
Transfers from (to) capital fund	1,938,740	(1,051,148)	(1,189,010)
Net transfers	<u>1,845,864</u>	<u>(612,627)</u>	<u>(709,989)</u>
Change in reserves and reserve funds	1,845,864	(580,423)	(587,867)
RESERVES AND RESERVE FUNDS, beginning of year	<u>8,572,197</u>	<u>8,572,197</u>	<u>9,160,064</u>
RESERVES AND RESERVE FUNDS, end of year	<u>\$ 10,418,061</u>	<u>\$ 7,991,774</u>	<u>\$ 8,572,197</u>
Analyzed as follows:			
Reserves set aside for specific purpose by Council			
Acquisition of capital assets		\$ 1,784,013	\$ 1,707,413
Roads construction		337,772	400,440
Recreation programs and facilities		660,549	697,875
Working capital		580,415	575,309
Contingencies		2,095,364	2,381,122
Water and sewer systems		13,462	13,462
Planning and development		380,216	420,626
Social services		114,381	173,861
Pits and quarries		<u>31,556</u>	<u>231,556</u>
Total reserves		<u>5,997,728</u>	<u>6,601,664</u>
Reserve funds set aside for a specific purpose by Council			
Acquisition of capital assets		84,760	159,249
Roads construction		110,489	8,892
Water and sewer systems		177,095	167,330
Contingencies		1,442,128	1,432,239
Cemetery maintenance		142,806	130,503
Parking		20,927	68,692
Lot levies		3,653	3,628
OPP revenues		<u>12,188</u>	<u>-</u>
Total reserve funds		<u>1,994,046</u>	<u>1,970,533</u>
Total reserves and reserve funds		<u>\$ 7,991,774</u>	<u>\$ 8,572,197</u>

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

CONSOLIDATED SCHEDULE OF RECONCILIATION OF FINANCIAL PLAN TO THE BUDGET

YEAR ENDED DECEMBER 31, 2009

	OPERATING BUDGET	CAPITAL BUDGET	RESERVES AND RESERVE FUNDS	TANGIBLE CAPITAL ASSET ADJUSTMENTS	PICTON LIBRARY BOARD	PICTON BUSINESS IMPROVEMENT	CENTER AND SOUTH HASTINGS WASTE SERVICES	ELIMINATIONS	PSAB BUDGET
REVENUES									
Net taxes available for municipal purposes	\$ 22,233,022	\$ -	\$ -	\$ -	\$ 818,539	\$ 80,000	\$ -	\$ -	\$ 23,131,561
User fees and sale of goods and services	9,006,938	-	-	-	2,888	11,500	296,977	-	9,318,303
Government transfers									
Canada	143,650	-	-	-	44,000	-	-	-	187,650
Ontario	9,582,101	-	-	-	131,843	37,000	-	-	9,750,944
Other municipalities	-	-	-	-	-	-	274,526	(274,526)	-
Investment income	192,407	-	-	-	8,000	-	7,300	-	207,707
Fines and penalties	760,000	-	-	-	13,000	-	-	-	773,000
Donations	27,900	-	-	-	7,000	-	-	-	34,900
	<u>41,946,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,025,270</u>	<u>128,500</u>	<u>578,803</u>	<u>(274,526)</u>	<u>43,404,065</u>
EXPENDITURES									
Current									
General government	4,036,779	-	-	100,032	-	-	-	-	4,136,811
Protection services	6,953,028	-	-	233,157	-	-	-	-	7,186,185
Transportation services	7,158,760	20,837	-	4,759,953	-	-	-	-	11,939,550
Environmental services	5,327,947	-	-	1,199,113	-	-	674,255	(274,526)	6,926,789
Health services	2,739,837	-	-	74,749	-	-	-	-	2,814,586
Social and family services	8,056,983	-	-	115,664	-	-	-	-	8,172,647
Social housing	874,000	-	-	-	-	-	-	-	874,000
Recreation and cultural services	3,167,846	-	-	293,434	1,064,880	-	-	-	4,526,160
Planning and development	1,877,518	-	-	14,486	-	131,858	-	-	2,023,862
Capital									
General government	-	648,559	-	(648,559)	-	-	-	-	-
Protection services	-	439,825	-	(439,825)	-	-	-	-	-
Transportation services	-	9,371,774	-	(9,371,774)	-	-	-	-	-
Environmental services	-	16,606,150	-	(16,606,150)	-	-	-	-	-
Health services	-	10,000	-	(10,000)	-	-	-	-	-
Social and family services	-	148,000	-	(148,000)	-	-	-	-	-
Social housing	-	-	-	-	-	-	-	-	-
Recreation and cultural services	-	5,508,000	-	(5,508,000)	-	-	-	-	-
Planning and development	-	-	-	-	-	-	-	-	-
	<u>40,192,698</u>	<u>32,753,145</u>	<u>-</u>	<u>(25,941,720)</u>	<u>1,064,880</u>	<u>131,858</u>	<u>674,255</u>	<u>(274,526)</u>	<u>48,600,590</u>
NET REVENUES (EXPENDITURES)	1,753,320	(32,753,145)	-	25,941,720	(39,610)	(3,358)	(95,452)	-	(5,196,525)
OTHER INCOME AND EXPENSES RELATED TO CAPITAL									
Net taxes available for municipal purposes	-	535,264	-	-	-	-	-	-	535,264
Government transfers									
Canada	-	9,645,514	-	-	-	-	-	-	9,645,514
Ontario	-	6,135,900	-	-	-	-	-	-	6,135,900
Other	-	699,500	-	-	-	-	-	-	699,500
	<u>-</u>	<u>17,016,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,016,178</u>
FINANCING AND TRANSFERS									
Debtenture and other long-term borrowings	-	13,500,000	-	(13,500,000)	-	-	-	-	-
Debt repayment	(1,257,495)	(126,021)	-	1,383,516	-	-	-	-	-
Benefitting landowners principal repayments	21,299	-	-	(21,299)	-	-	-	-	-
Transfers from (to) other funds	(517,124)	2,362,988	(1,845,864)	-	-	-	-	-	-
	<u>(1,753,320)</u>	<u>15,736,967</u>	<u>(1,845,864)</u>	<u>(12,137,783)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,845,864)</u>	<u>\$ 13,803,937</u>	<u>\$ (39,610)</u>	<u>\$ (3,358)</u>	<u>\$ (95,452)</u>	<u>\$ -</u>	<u>\$ 11,819,653</u>

The accompanying notes are an integral part of these financial statements.

**THE CORPORATION OF THE COUNTY OF
PRINCE EDWARD**

TRUST FUND FINANCIAL STATEMENTS

December 31, 2009

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

We have audited the statement of financial position of **The Corporation of The County of Prince Edward** Trust Funds as at December 31, 2009 and the statement of financial activities and changes in fund balances for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation as at December 31, 2009, and the financial activities of the trust funds for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements.

CHARTERED ACCOUNTANTS
Licensed Public Accountants

Picton, Ontario.
June 30, 2010

**THE CORPORATION OF THE COUNTY OF PRINCE EDWARD
TRUST FUNDS**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

ASSETS	<u>2009</u>	<u>2008</u>
Cash	\$ 443,197	\$ 720,930
Accounts receivable	-	6,580
Investments - note 3	142,155	152,253
Loans to homeowners	2,134	2,438
	<u>\$ 587,486</u>	<u>\$ 882,201</u>
 LIABILITIES AND FUND BALANCES		
Accounts payable and accrued liabilities	<u>\$ 17</u>	<u>\$ 6,771</u>
Fund Balances		
Capital	314,820	607,385
Income	272,649	268,045
	<u>587,469</u>	<u>875,430</u>
	<u>\$ 587,486</u>	<u>\$ 882,201</u>

STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2009

	<u>2009</u>	<u>2008</u>
RECEIPTS		
Donations	\$ 2,906	\$ -
Individuals' deposits	78,853	282,858
Interest earned	11,260	25,096
Plot sales	-	6,580
	<u>93,019</u>	<u>314,534</u>
 EXPENDITURES		
Payments on behalf of individuals	372,977	218,317
Scholarships	-	750
Cemetery maintenance	4,739	5,035
Collection and management fees	950	841
Administration fees - OHRP	17	16
Repaid to Province - OHRP	297	297
Library books	2,000	2,000
	<u>380,980</u>	<u>227,256</u>
 CHANGE IN FUND BALANCES	 (287,961)	 87,278
 BALANCES, beginning of year	 <u>875,430</u>	 <u>788,152</u>
 BALANCES, end of year	 <u>\$ 587,469</u>	 <u>\$ 875,430</u>

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

SCHEDULE OF TRUST FUND ASSETS AND LIABILITIES

DECEMBER 31, 2009

	Cash	Investments	Loans to Homeowners	Total Assets	Payable to Municipality	Capital Fund	Income Fund	Fund Balances	Total Liabilities and Fund Balances
McFarland Home Residents	\$ 98,687	\$ -	\$ -	\$ 98,687	\$ -	\$ -	\$ 98,687	\$ 98,687	\$ 98,687
McFarland Home Bequests	1,503	-	-	1,503	-	-	1,503	1,503	1,503
Craft	5,251	-	-	5,251	-	-	5,251	5,251	5,251
Macaulay Heritage Park	92,148	-	-	92,148	-	-	92,148	92,148	92,148
Swimming	11,509	-	-	11,509	-	-	11,509	11,509	11,509
Performance Guarantees	144,690	-	-	144,690	-	144,690	-	144,690	144,690
Library Large Print Books	44,053	-	-	44,053	-	-	44,053	44,053	44,053
Ameliasburgh Scholarship	21,231	-	-	21,231	-	21,057	174	21,231	21,231
Ameliasburgh Museum	4,576	-	-	4,576	-	1,000	3,576	4,576	4,576
Wellington Museum	6,176	-	-	6,176	-	-	6,176	6,176	6,176
Consecon Cemetery Perpetual Care	12,796	-	-	12,796	-	7,100	5,696	12,796	12,796
Bloomfield Cemetery Perpetual Care	6	62,532	-	62,538	-	61,992	546	62,538	62,538
Rose Cemetery Perpetual Care	2	24,112	-	24,114	-	23,908	206	24,114	24,114
Sophiasburgh Cemetery Perpetual Care	4	40,272	-	40,276	-	39,965	311	40,276	40,276
Bowerman/McFaul Cemetery Perpetual Care	2	15,239	-	15,241	-	15,108	133	15,241	15,241
Pioneer Cemetery	249	-	-	249	-	-	249	249	249
Home Renewal Program	314	-	2,134	2,448	17	-	2,431	2,431	2,448
	<u>\$ 443,197</u>	<u>\$ 142,155</u>	<u>\$ 2,134</u>	<u>\$ 587,486</u>	<u>\$ 17</u>	<u>\$ 314,820</u>	<u>\$ 272,649</u>	<u>\$ 587,469</u>	<u>\$ 587,486</u>

The accompanying notes are an integral part of these financial statements

**THE CORPORATION OF THE COUNTY OF PRINCE EDWARD
TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009**

1. ACCOUNTING POLICIES

Basis of Accounting

Capital receipts and income are reported on the cash basis of accounting.

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

2. ONTARIO HOME RENEWAL PROGRAM

The Ontario Home Renewal Plan was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable portion is \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2009 are comprised of repayable loans of \$2,134 and no forgivable loans. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balance of the repayable loan immediately becomes due and payable by the homeowner.

3. INVESTMENTS

The balance of investments consist of the following:

	2009		2008	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Performance Guarantees - GIC's	\$ -	\$ -	\$ 17,874	\$ 17,874
Bloomfield Cemetery Perpetual Care - Mutual Fund	62,532	64,361	61,106	60,623
Rose Cemetery Perpetual Care - Mutual Fund	24,112	24,653	23,226	22,879
Sophiasburgh Cemetery Perpetual Care - Mutual Fund	40,272	41,273	34,991	34,480
Bowerman/McFaul Cemetery Perpetual Care - Mutual Fund	15,239	15,511	15,056	14,772
	<u>\$ 142,155</u>	<u>\$ 145,798</u>	<u>\$ 152,253</u>	<u>\$ 150,628</u>