

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

**CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2011



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CORPORATION OF THE COUNTY OF PRINCE EDWARD

For The Year Ended December 31, 2011

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the County of Prince Edward are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accountings methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The County maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the County's assets are appropriately accounted for and adequately safeguarded.

The County's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the County's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the County of Prince Edward. Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the external auditor's report.

The consolidated financial statements have been audited by Welch LLP in accordance with Canadian generally accepted auditing standards on behalf of the County. Welch LLP has full and free access to Council.

Picton, Ontario  
August 28, 2012

James Hepburn  
Treasurer

Merlin J. Dewing  
Chief Administrative Officer

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Council 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, 2011 and the consolidated statements of operations and accumulated surplus, change in net financial liabilities 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 and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 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 and fair presentation 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 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 as at December 31, 2011 and the results of its operations, change in net financial liabilities and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Welch LLP*

Picton, Ontario  
August 28, 2012

CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

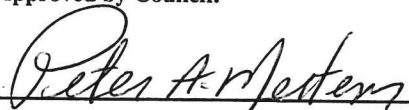
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
<b>FINANCIAL ASSETS</b>		
Cash - note 3	\$ 14,295,354	\$ 6,573,897
Taxes receivable	3,514,302	3,014,280
Trade and other receivables	3,521,032	11,963,939
Long-term receivables - note 4	38,283	53,925
Long-term investments - note 5	55,763	55,763
	<u>21,424,734</u>	<u>21,661,804</u>
<b>LIABILITIES</b>		
Bank indebtedness - note 6	-	5,070,204
Temporary borrowing - note 7	30,150,291	18,200,000
Accounts payable and accrued liabilities	5,584,810	10,788,896
Prepaid property taxes - note 8	1,513,978	1,039,306
Other liabilities - note 9	2,430,988	1,998,543
Deferred revenue - note 10	5,131,980	4,789,789
Municipal debt - note 11	13,563,088	16,295,847
Obligation under capital lease - note 12	357,965	360,923
	<u>58,733,100</u>	<u>58,543,508</u>
<b>NET FINANCIAL LIABILITY</b>	(37,308,366)	(36,881,704)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - note 13, schedule	225,398,424	226,874,652
Inventory - note 14	2,990,122	2,996,336
Prepaid expense	280,868	220,102
	<u>228,669,414</u>	<u>230,091,090</u>
<b>ACCUMULATED SURPLUS - note 15</b>	<u>\$ 191,361,048</u>	<u>\$ 193,209,386</u>

CONTINGENT LIABILITIES - note 18

Approved by Council:



Peter A. Mertens, Mayor



Victoria Leskie, Clerk

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, 2011**

	2011 <u>Budget</u> (unaudited)	2011 <u>Actual</u>	2010 <u>Actual</u>
<b>REVENUES</b>			
Net taxes available for municipal purposes - note 16	\$ 25,016,204	25,125,207	\$ 24,792,681
User fees and sale of goods and services	11,363,144	10,937,534	9,591,095
Government transfers			
Canada	33,400	75,001	281,966
Ontario	8,269,181	8,513,663	8,182,276
Other municipalities	-	119,928	66,275
Investment income	33,197	59,650	28,563
Fines and penalties	773,000	1,017,445	863,101
Donations	53,250	217,637	152,347
	<u>45,541,376</u>	<u>46,066,065</u>	<u>43,958,304</u>
<b>EXPENDITURES</b>			
General government	4,395,027	4,048,983	4,316,917
Protection services	8,203,183	8,253,692	7,851,203
Transportation services	11,843,626	11,364,666	11,836,106
Environmental services	9,228,578	9,118,158	7,193,403
Health services	2,922,778	2,937,902	2,753,704
Social and family services	6,820,954	6,726,585	7,462,994
Social housing	917,350	902,796	917,352
Recreation and cultural services	5,704,053	5,769,123	4,910,982
Planning and development	1,840,969	1,481,702	2,012,774
	<u>51,876,518</u>	<u>50,603,607</u>	<u>49,255,435</u>
<b>NET EXPENDITURES</b>	<u>(6,335,142)</u>	<u>(4,537,542)</u>	<u>(5,297,131)</u>
<b>OTHER INCOME AND EXPENSES RELATED TO CAPITAL</b>			
Net taxes available for municipal purposes - note 16	526,804	526,804	206,750
Government transfers			
Canada	1,170,951	1,279,260	9,375,910
Ontario	1,557,185	726,334	11,383,377
Other	60,500	484,902	900,881
Tangible capital assets gain (loss)	-	(323,218)	(140,864)
Outlays and expenditures on disposal of capital assets	-	(50,445)	-
	<u>3,315,440</u>	<u>2,643,637</u>	<u>21,726,054</u>
<b>INTEREST EARNED ON RESERVE FUNDS</b>	<u>-</u>	<u>31,917</u>	<u>31,770</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>(3,019,702)</u>	<u>(1,861,988)</u>	<u>16,460,693</u>
<b>ACCUMULATED SURPLUS, beginning of year</b>	193,209,386	193,209,386	176,544,026
Prior period adjustment - note 24	-	-	189,976
Proportionate consolidation adjustment	-	13,650	14,691
<b>ACCUMULATED SURPLUS, beginning of year adjusted</b>	<u>193,209,386</u>	<u>193,223,036</u>	<u>176,748,693</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 190,189,684</u>	<u>191,361,048</u>	<u>\$ 193,209,386</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, 2011**

	2011 <u>Budget</u> (unaudited)	2011 <u>Actual</u>	2010 <u>Actual</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (3,019,702)	\$ (1,861,988)	\$ 16,460,693
Amortization of tangible capital assets	8,629,751	8,631,671	7,000,567
Acquisition of tangible capital assets	(13,593,592)	(14,764,417)	(61,507,553)
Changes in assets under construction	-	7,153,239	19,432,509
Consolidation adjustment tangible capital assets	-	(4,185)	(4,842)
Loss on sale of tangible capital assets	-	323,218	140,864
Proceeds on sale of tangible capital assets	-	136,702	234,500
Acquisition of supplies inventories	-	(652,918)	(613,168)
Acquisition of prepaid expense	-	(280,868)	(219,911)
Consumption of supplies inventories	-	659,132	602,569
Use of prepaid expense	-	220,102	188,265
	<u>(7,983,543)</u>	<u>(440,312)</u>	<u>(18,285,507)</u>
Change in Net Financial Liabilities	<u>(7,983,543)</u>	<u>(440,312)</u>	<u>(18,285,507)</u>
<b>NET FINANCIAL LIABILITIES, beginning of year</b>	(36,881,704)	(36,881,704)	(18,610,888)
Proportionate consolidation adjustment	-	13,650	14,691
<b>NET FINANCIAL LIABILITIES, beginning of year adjusted</b>	<u>(36,881,704)</u>	<u>(36,868,054)</u>	<u>(18,596,197)</u>
<b>NET FINANCIAL LIABILITIES, end of year</b>	<u>\$ (44,865,247)</u>	<u>\$ (37,308,366)</u>	<u>\$ (36,881,704)</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, 2011**

	<u>2011</u>	<u>2010</u>
<b>OPERATING</b>		
Annual surplus (deficit)	\$ (1,861,988)	\$ 16,460,693
Non-cash charges to operations:		
Amortization	8,631,671	7,000,567
Post-employment benefits	23,175	(24,326)
Loss on sale of tangible capital assets	323,218	140,864
Solid waste landfill closure and post-closure liabilities	343,500	202,000
Changes in:		
Taxes receivable	(500,022)	435,416
Trade and other receivables	8,447,314	(3,034,288)
Prepaid expense	(60,636)	(31,489)
Inventory	6,577	(10,284)
Long-term receivables	15,642	20,814
Accounts payable and accrued liabilities	(5,206,810)	4,413,775
Prepaid property taxes	474,672	72,933
Other liabilities	65,770	7,129
Deferred revenue	341,629	(1,655,384)
Cash provided by operating activities	<u>11,043,712</u>	<u>23,998,420</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(7,611,178)	(42,075,044)
Proceeds on sale of tangible capital assets	136,702	234,500
Cash utilized by capital activities	<u>(7,474,476)</u>	<u>(41,840,544)</u>
<b>FINANCING</b>		
(Repayment of) proceeds from bank indebtedness	(5,070,204)	1,689,928
Proceeds from temporary borrowing	11,950,291	15,000,000
Repayment of long-term debt	(2,732,759)	(1,519,023)
Repayment of obligation under capital lease	(2,958)	(2,381)
Cash provided by financing activities	<u>4,144,370</u>	<u>15,168,524</u>
<b>INCREASE (DECREASE) IN CASH</b>	<u>7,713,606</u>	<u>(2,673,600)</u>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	6,573,897	9,238,435
Proportionate consolidation adjustment	7,851	9,062
<b>CASH AND CASH EQUIVALENTS, beginning of year adjusted</b>	<u>6,581,748</u>	<u>9,247,497</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 14,295,354</u>	<u>\$ 6,573,897</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest received	<u>\$ 91,567</u>	<u>\$ 60,333</u>
Interest paid	<u>\$ 1,116,613</u>	<u>\$ 842,217</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, 2011**

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 16 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.

**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, 2011

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 issuance 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 liabilities 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, 2011

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 Canadian 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. Management makes accounting estimates when determining the estimated useful life of the Corporation's tangible capital assets, its allowance for doubtful accounts, the carrying value of its inventory and the accrued liabilities for employee benefits and solid waste landfill closure and post-closure care. Actual results could differ from those estimates.

2. FINANCIAL INSTRUMENTS

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

3. RESTRICTED ASSETS

Cash in the amount of \$4,850,927 (2010 - \$3,672,368) has been restricted to support obligatory reserve funds and deferred revenue.

4. LONG-TERM RECEIVABLES

Long-term receivables consist of the following:

	<u>2011</u>	<u>2010</u>
Tile drainage debentures - to be recovered from landowners over the following 6 years	\$ 38,283	\$ 53,925

5. LONG-TERM INVESTMENTS

Long-term investments consist of the following:

	<u>2011</u>	<u>2010</u>
Investment in Sun Life Financial Services shares	\$ 55,763	\$ 55,763

The investment in Sun Life Financial Services shares was recorded at the fair market value in 1999, when the shares were issued on demutualization. The fair value of the shares at December 31, 2011 amounted to \$67,019 (2010- \$106,770).

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 Corporation paid \$361,461 (2010 - \$377,034) to Centre & South Hasting Waste Services Board for recycling services.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2011**

**5. LONG - TERM INVESTMENTS (continued)**

The condensed supplementary financial information for the joint board is as follows:

	<u>2011</u>		<u>2010</u>	
	Total	County Portion 15.51%	Total	County Portion 15.11%
<b>Financial Position</b>				
<b>Financial Assets</b>				
Cash and investments	\$ 2,324,749	\$ 360,569	\$ 1,962,709	\$ 296,565
Accounts receivable	1,755,212	272,233	1,101,620	166,455
	<u>4,079,961</u>	<u>632,802</u>	<u>3,064,329</u>	<u>463,020</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	739,434	114,686	681,066	102,909
Deferred revenue	181,762	28,191	140,419	21,217
	<u>921,196</u>	<u>142,877</u>	<u>821,485</u>	<u>124,126</u>
<b>Net Financial Assets</b>	<u>3,158,765</u>	<u>489,924</u>	<u>2,242,844</u>	<u>338,893</u>
<b>Non-Financial Assets</b>				
Tangible capital assets	1,076,951	167,035	1,046,293	158,095
Inventories	104,780	16,251	90,721	13,708
Prepays	34,360	5,329	32,586	4,924
	<u>1,216,091</u>	<u>188,616</u>	<u>1,169,600</u>	<u>176,727</u>
<b>Accumulated Surplus</b>	<u>\$ 4,374,856</u>	<u>\$ 678,540</u>	<u>\$ 3,412,444</u>	<u>\$ 515,619</u>
<b>Statement of Operations</b>				
<b>Revenue</b>				
Government transfers	\$ 1,650,084	\$ 255,928	\$ 1,919,314	\$ 290,008
User fees	3,951,336	612,852	3,015,436	455,632
Interest income	32,298	5,009	15,377	2,323
	<u>5,633,718</u>	<u>873,790</u>	<u>4,950,127</u>	<u>747,964</u>
<b>Expenditures</b>				
Environmental services	4,671,306	724,520	4,418,227	667,594
<b>Annual Surplus</b>	<u>\$ 962,412</u>	<u>\$ 149,270</u>	<u>\$ 531,900</u>	<u>\$ 80,370</u>

**6. BANK INDEBTEDNESS**

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

**7. TEMPORARY BORROWING**

The Corporation has arranged up to \$37,305,000 in bridge financing for a number of capital projects through the Ontario Infrastructure Projects Corporation (OIPC) and the Ontario Infrastructure and Lands Corporation (OILC).

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

**8. 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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2011**

**9. OTHER LIABILITIES**

Other liabilities consist of the following:

	<u>2011</u>	<u>2010</u>
Deposits	\$ 519,744	\$ 453,974
Employee future benefits	142,744	119,569
Solid waste landfill closure and post-closure care	<u>1,768,500</u>	<u>1,425,000</u>
	<u>\$ 2,430,988</u>	<u>\$ 1,998,543</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 value of estimated future premium payments, amounted to \$142,744 (2010 - \$119,569). 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 remaining life for the landfill sites is estimated to be 9 years for Ameliasburgh, 13 years for Hillier, 8 years for South Marysburgh and 8 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 \$1,237,676 at December 31, 2011 (2010 - \$1,232,676).

<u>Landfill Site</u>	<u>Remaining Capacity (Cubic Metres)</u>	<u>Liability December 31, 2011</u>	<u>Liability December 31, 2010</u>
Ameliasburgh	85,715	\$ 368,200	\$ 337,000
Hillier	45,400	462,400	303,400
South Marysburgh	23,810	438,200	367,800
Wellington	8,800	499,700	416,800
	<u>163,725</u>	<u>\$ 1,768,500</u>	<u>\$ 1,425,000</u>

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.

**10. DEFERRED REVENUE**

The balance of deferred revenue consists of the following:

	<u>Balance December 31, 2010</u>	<u>Additions</u>	<u>Transferred to income</u>	<u>Balance December 31, 2011</u>
<b>Externally restricted</b>				
Parkland	\$ 125,840	\$ 51,067	\$ -	\$ 176,907
Development charges	1,328,299	580,069	-	1,908,368
Gasoline Tax - Federal	681,566	1,576,635	728,578	1,529,623
Building services	187,970	3,230	48,157	143,043
Roads/bridges	84,410	-	84,410	-
Investing in Ontario Act	175,626	-	131,832	43,794
Water/sewer operations	<u>1,591,612</u>	<u>27,998</u>	<u>560,504</u>	<u>\$ 1,059,106</u>
	4,175,323	2,238,999	1,553,481	4,860,841
Government transfers	610,703	65,007	416,025	259,685
Donations	3,763	11,237	3,546	11,454
	<u>\$ 4,789,789</u>	<u>\$ 2,315,243</u>	<u>\$ 1,973,052</u>	<u>\$ 5,131,980</u>

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

11. MUNICIPAL DEBT

The balance of municipal debt consists of the following:

	<u>2011</u>	<u>2010</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	\$ 38,283	\$ 53,925
Bank of Montreal - repayable by monthly payments of \$4,335, interest at a rate of 5.26%, maturing in 2011	-	50,522
Bank of Montreal - repayable by monthly payments of \$3,193, interest at a rate of 5.26%, maturing in 2011	-	37,213
Bank of Montreal - repayable by monthly payments of \$12,276, interest at a rate of 4.87%, maturing in 2011	-	1,238,058
Bank of Montreal - repayable by monthly payments of \$3,726, interest at a rate of 4.96%, maturing in 2012	376,349	401,725
Bank of Montreal - repayable by monthly payments of \$14,703, interest at a rate of 4.96%, maturing in 2012	1,484,915	1,585,040
Bank of Montreal - repayable by monthly payments of \$4,709, interest at a rate of 5.28%, maturing in 2012	54,850	106,980
Bank of Montreal - repayable by monthly payments of \$10,236, interest at a rate of 4.12%, maturing in 2013	1,161,331	1,234,704
Bank of Montreal - repayable by monthly payments of \$32,538, interest at a rate of 2.60%, maturing in 2014	791,568	1,156,341
Bank of Montreal - repayable by semi-annual payments of \$18,523, interest at a rate of 3.00%, maturing in 2015	139,750	172,468
Bank of Montreal - repayable by monthly payments of \$12,442, interest at a rate of 4.51%, maturing in 2015	524,458	647,135
Bank of Montreal - repayable by monthly payments of \$7,393, interest at a rate of 4.51%, maturing in 2015	311,615	384,506
Bank of Montreal - repayable by monthly payments of \$14,354, interest at a rate of 4.88%, maturing in 2018	1,562,001	1,655,586
Bank of Montreal - repayable by monthly payments of \$5,842 interest at a rate of 4.35%, maturing in 2019	695,081	734,040
Bank of Montreal - repayable by monthly payments of \$32,794, interest at a rate of 3.90%, maturing in 2019	2,700,711	2,983,000
Bank of Montreal - repayable by monthly payments of \$12,626, interest at a rate of 3.25%, maturing in 2020	1,162,339	1,274,158
OIPC loan bears interest at 5.32%, payable in semi-annual payments of \$78,809 with maturity date of October 1, 2049	2,559,837	2,580,446
	<u>\$ 13,563,088</u>	<u>\$ 16,295,847</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2011**

**11. MUNICIPAL DEBT (continued)**

Interest included in expenditures in the Consolidated Statement of Operations relating to municipal debt totals \$754,797 with additional interest of \$3,449 being both received from landowners and paid on tile drainage debentures.

Principal payments are estimated to be as follows:

2012	\$	3,189,710
2013		2,318,830
2014		917,827
2015		1,558,028
2016		538,923
Thereafter		5,039,770
	\$	<u>13,563,088</u>

**12. CAPITAL LEASE OBLIGATION**

The following is a schedule of future minimum lease payments:

2012	\$	81,780
2013		81,780
2014		81,780
2015		81,780
2016		81,780
2017		81,780
After 2017		715,575
Total minimum lease payments		<u>1,206,255</u>
Less amount representing deemed interest		<u>848,290</u>
Balance of obligation	\$	<u>357,965</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>2011</u>	<u>2010</u>
Cost of leased tangible capital asset	\$ 375,000	\$ 375,000
Accumulated amortization of leased tangible capital asset	93,750	75,000
	<u>\$ 281,250</u>	<u>\$ 300,000</u>

Amortization expense includes \$18,750 (2011- \$18,750) on leased tangible capital assets.

**13. TANGIBLE CAPITAL ASSETS**

a) *Land and land improvements*

Included in land and land improvements is land held for resale in the amount of \$76,712.

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 2011 road network had 642 segments (2010 - 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 estimated 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 worthy 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, 2011**

**14. INVENTORY**

The inventory is comprised of the following:

	<u>2011</u>	<u>2010</u>
Inventory for resale	\$ 45,777	\$ 57,284
Inventory for own consumption	563,893	555,884
Gravel and sand supplies	<u>2,380,452</u>	<u>2,383,168</u>
	<u>\$ 2,990,122</u>	<u>\$ 2,996,336</u>

**15. ACCUMULATED SURPLUS**

The accumulated surplus is comprised of the following:

	<u>2011</u>	<u>2010</u>
Equity in tangible capital assets	\$ 225,398,424	\$ 226,874,652
Less: related debt	(12,819,850)	(14,357,857)
Less: unfinanced capital projects	<u>(29,914,656)</u>	<u>(26,404,506)</u>
	182,663,918	186,112,289
Reserves and Reserve Funds	8,989,551	7,705,792
Amounts to be recovered		
Landfill closure and post-closure costs	(1,768,500)	(1,425,000)
Employee costs	(142,744)	(119,569)
Unrestricted Surplus		
County of Prince Edward	1,369,508	831,723
County of Prince Edward Public Library Board	11,937	14,458
Business Improvement Area	878	81
Centre and South Hastings Waste Services Board	<u>236,500</u>	<u>89,612</u>
	<u>\$ 191,361,048</u>	<u>\$ 193,209,386</u>

**16. NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES**

	<u>2011</u> <u>Budget</u> <u>(unaudited)</u>	<u>2011</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Taxes:			
Property taxes	\$ 32,210,554	\$ 32,346,909	\$ 31,451,849
Revenue in lieu of taxes	491,600	501,970	500,540
Other	<u>535,579</u>	<u>349,905</u>	<u>614,857</u>
	33,237,733	33,198,784	32,567,246
Less taxes on behalf of:			
Education	<u>7,694,725</u>	<u>7,546,773</u>	<u>7,567,815</u>
Net taxes available for municipal purposes	<u>\$ 25,543,008</u>	<u>\$ 25,652,011</u>	<u>\$ 24,999,431</u>
Net taxes available for municipal purposes consist of:			
Operating purposes	<u>\$ 25,016,204</u>	<u>\$ 25,125,207</u>	<u>\$ 24,792,681</u>
Capital purposes	<u>\$ 526,804</u>	<u>\$ 526,804</u>	<u>\$ 206,750</u>

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

17. 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 7.4% (2010 - 6.4%) for earnings up to the annual maximum pensionable earnings of \$48,300 (2010 - \$47,200) and at a rate of 10.7% (2010 - 9.7%) 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 8.9% (2010 - 7.9%) for earnings up to the annual maximum pensionable earnings of \$48,300 (2010 - \$47,200) and at a rate of 14.1% (2010 - 13.1%) for earnings greater than the annual maximum pensionable earnings.

The amounts contributed to registered retirement savings plans and OMERS for 2011 was \$746,944 (2010 - \$630,205) 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, 2011 indicated a deficit in the plan.

18. 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 \$106,698 (2010 - \$110,342) at December 31, 2011. No amount has been accrued in the financial statements for this contingent liability.

- b) As at December 31, 2011, 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.
- c) 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.

19. TRUST FUNDS

Trust funds administered by the Corporation amounting to \$947,247 (2010 - \$813,884) 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, 2011**

**20. COMMITMENTS**

The Corporation has contracts committing it to payments in future years. The following agreements existed at December 31, 2011.

At December 31, 2011 the Corporation has outstanding capital project contractual commitments of approximately \$530,000.

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 2011 year were \$2,086,915. The Corporation is currently negotiating a renewal of this agreement.

An agreement with the Province of Ontario for policing services to 2014. Costs will be charged on the basis of services used. Base charges for the 2011 year were \$4,732,629.

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 2011 year were \$64,946.

An agreement with the City of Belleville for the provision of bulk water to the areas of Rossmore and Fenwood Gardens to December 31, 2020. Costs will be charged on the basis of water used. Base charges for the 2011 year were \$314,194.

An agreement with Waste Management of Canada Corporation for the collection of household waste to July 31, 2012. Base charges for the 2011 year were \$525,619.

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 an outstanding commitment to Tri-County Healthcare Foundation Joint Diagnostic Imaging Campaign of \$350,000 payable \$100,000 annually from 2012 to 2014 and \$50,000 in 2015.

The Corporation has an outstanding commitment to University Hospitals Kingston Foundation of \$300,000 payable \$50,000 annually from 2012 to 2017.

The Corporation has agreed to fund its proportionate share of the Eastern Ontario Wardens Caucus Inc. broadband project. At December 31, 2011, this commitment is \$161,469 payable \$53,823 semi-annually from 2012 to 2013.

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

2012	\$	178,436
2013		172,059
2014		154,070
2015		121,308
2016		94,968
2017		94,968
After 2017		94,968

**21. 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, 2011 are as follows:

	<u>2011</u>	<u>2010</u>
Gross revenues received	\$ 497,472	\$ 405,420
Gross expenditures	<u>251,520</u>	<u>199,735</u>
Net revenues	<u>\$ 245,952</u>	<u>\$ 205,685</u>

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

22. 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, 2011

23. 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.

24. PRIOR PERIOD ADJUSTMENT

In 2011, as a result of evolving tangible capital asset accounting, certain land assets were identified that required correction. The correction was accounted for retroactively with restatement of prior year. The effect of these changes on the 2010 comparative figures are as follows:

Financial statement item	Previously <u>Reported</u>	<u>Change</u>	<u>Balance as Restated</u>
Statement of financial position			
Tangible capital assets	\$ 226,684,676	\$ 189,976	\$ 226,874,652
Accumulated surplus	\$ 193,019,410	\$ 189,976	\$ 193,209,386

**THE CORPORATION OF THE COUNTY OF PRINCE EDWARD  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**

DECEMBER 31, 2011

	GENERAL						INFRASTRUCTURE				TOTALS	
	Land and Land Improvements	Building and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Other	Assets under Construction	Plans and Facilities	Roads	Underground and other Networks	Bridges and other Structures	Assets Under Construction	2011
<b>Cost</b>												
Opening cost	\$ 18,470,817	\$ 26,576,217	\$ 11,772,061	\$ 966,576	\$ 4,714,696	\$ 1,035,138	\$ 44,935,698	\$ 165,175,246	\$ 44,789,540	\$ 26,956,837	\$ 5,218,810	\$ 350,611,656
Additions during the year	547,137	2,773,962	625,272	160,884	363,744	15,203	6,936,807	174,880	2,277	331,975	2,842,276	14,764,417
Disposals and writedowns	(85,031)	(354,825)	(141,202)	(69,951)	(133,735)	(1,026,557)	(617,371)	(23,004)	-	-	(6,126,682)	(8,578,358)
Closing cost	<u>18,932,923</u>	<u>28,995,354</u>	<u>12,256,131</u>	<u>1,057,509</u>	<u>4,944,705</u>	<u>23,784</u>	<u>51,245,134</u>	<u>165,127,122</u>	<u>44,791,817</u>	<u>27,288,812</u>	<u>1,934,404</u>	<u>356,797,695</u>
<b>Accumulated Amortization</b>												
Opening Accumulated amortization	(3,294,221)	(7,611,607)	(6,761,371)	(388,743)	(1,742,232)	-	(10,905,205)	(75,775,247)	(9,055,014)	(8,203,344)	-	(123,736,984)
Amortization	(336,499)	(667,396)	(650,379)	(120,935)	(334,760)	-	(1,472,504)	(3,972,077)	(585,051)	(542,070)	-	(8,631,671)
Disposals and writedowns	12,006	197,224	126,761	69,215	120,241	-	430,671	22,766	-	-	-	969,384
Closing accumulated amortization	<u>(3,618,714)</u>	<u>(8,081,779)</u>	<u>(7,284,989)</u>	<u>(440,463)</u>	<u>(1,956,751)</u>	<u>-</u>	<u>(11,907,038)</u>	<u>(79,724,558)</u>	<u>(9,640,065)</u>	<u>(8,745,414)</u>	<u>-</u>	<u>(131,399,271)</u>
<b>Net Book Value of Tangible Capital Assets</b>	<u>\$ 15,314,209</u>	<u>\$ 20,914,075</u>	<u>\$ 4,971,142</u>	<u>\$ 617,046</u>	<u>\$ 2,987,954</u>	<u>\$ 23,784</u>	<u>\$ 39,338,096</u>	<u>\$ 85,602,564</u>	<u>\$ 35,151,752</u>	<u>\$ 18,543,398</u>	<u>\$ 1,934,404</u>	<u>\$ 225,398,424</u>

DECEMBER 31, 2010

	GENERAL						INFRASTRUCTURE				TOTALS	
	Land and Land Improvements	Building and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Other	Assets under Construction	Plans and Facilities	Roads	Underground and other Networks	Bridges and other Structures	Assets Under Construction	2010
<b>Cost</b>												
Opening cost	\$ 14,299,103	\$ 14,651,199	\$ 11,381,690	\$ 795,823	\$ 3,455,641	\$ 4,588,184	\$ 19,315,382	\$ 157,138,746	\$ 42,250,819	\$ 26,610,090	\$ 15,458,600	\$ 309,965,277
Additions during the year	4,379,860	11,918,758	439,133	206,144	1,355,555	1,022,643	25,650,316,000	8,722,518	2,862,639	362,957	4,617,030	61,507,553
Disposals and writedowns	(208,146)	(2,660)	(48,792)	(35,391)	(96,500)	(4,575,689)	-	(706,018)	(323,918)	(16,210)	(14,556,820)	(20,861,194)
Closing cost	<u>18,470,817</u>	<u>26,576,217</u>	<u>11,772,061</u>	<u>966,576</u>	<u>4,714,696</u>	<u>1,035,138</u>	<u>44,935,698</u>	<u>165,175,246</u>	<u>44,789,540</u>	<u>26,956,837</u>	<u>5,218,810</u>	<u>350,611,636</u>
<b>Accumulated Amortization</b>												
Opening Accumulated amortization	(3,193,385)	(7,294,442)	(6,149,113)	(313,488)	(1,575,700)	-	(10,252,196)	(72,711,585)	(8,623,206)	(7,681,465)	-	(117,794,587)
Amortization	(193,220)	(313,356)	(661,387)	(110,660)	(254,489)	-	(653,009)	(3,715,792)	(560,365)	(538,089)	-	(7,000,567)
Disposals and writedowns	92,384	(3,809)	(49,129)	35,405	87,957	-	(10,905,205)	652,130	128,757	16,210	-	1,058,163
Closing accumulated amortization	<u>(3,294,221)</u>	<u>(7,611,607)</u>	<u>(6,761,371)</u>	<u>(388,743)</u>	<u>(1,742,232)</u>	<u>-</u>	<u>(10,905,205)</u>	<u>(75,775,247)</u>	<u>(9,055,014)</u>	<u>(8,203,344)</u>	<u>-</u>	<u>(123,736,984)</u>
<b>Net Book Value of Tangible Capital Assets</b>	<u>\$ 15,176,596</u>	<u>\$ 18,964,610</u>	<u>\$ 5,010,690</u>	<u>\$ 577,833</u>	<u>\$ 2,972,464</u>	<u>\$ 1,035,138</u>	<u>\$ 34,030,493</u>	<u>\$ 89,399,999</u>	<u>\$ 35,734,526</u>	<u>\$ 18,753,493</u>	<u>\$ 5,218,810</u>	<u>\$ 226,874,652</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, 2011

	DECEMBER 31, 2011 ACTUAL													
	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	HEALTH SERVICES	SOCIAL AND FAMILY SERVICES	HOUSING	RECREATION AND CULTURAL SERVICES	PLANNING AND DEVELOPMENT	PICTON LIBRARY BOARD	PICTON BUSINESS IMPROVEMENT AREA	CENTRE AND SOUTH EAST WASTE SERVICES BOARD	ELIMINATIONS	CONSOLIDATED
<b>REVENUES</b>														
Net taxes available for municipal purposes - note 16	\$ 1,416,409	\$ 5,800,970	\$ 7,474,753	\$ 935,084	\$ 1,914,949	\$ 1,752,825	\$ 917,350	\$ 2,897,651	\$ 981,869	\$ 931,181	\$ 82,166	\$ 612,852	\$ -	\$ 25,128,207
User charges	28,274	705,300	291,211	6,426,673	26,074	1,560,874	-	1,014,667	221,836	33,401	19,372	-	-	10,937,534
Government Transfers	1,235	1,096	9,074	2,299	-	-	-	20,762	17,689	18,048	4,798	-	-	75,001
Province of Ontario	1,974,700	1,324,287	181,067	52,214	1,155,108	3,543,917	-	60,386	43,029	99,273	79,682	-	-	8,513,663
Other municipalities	-	-	-	-	-	119,928	-	-	-	-	-	255,938	-	119,928
Investment Income	48,514	-	-	-	-	-	-	-	3,449	2,678	-	-	-	59,650
Fines and penalties	461,764	507,054	-	48,627	-	-	-	-	-	-	-	-	-	1,017,445
Donations	-	2,275	20,000	-	-	541	-	108,516	-	86,305	-	-	-	217,637
	\$ 3,950,896	\$ 8,337,982	\$ 7,976,105	\$ 7,464,897	\$ 3,096,131	\$ 6,978,085	\$ 917,350	\$ 4,101,982	\$ 1,267,872	\$ 1,170,886	\$ 186,018	\$ 873,789	\$ (255,938)	\$ 46,066,065
<b>EXPENDITURES</b>														
<b>CURRENT</b>														
Salaries wages and employee benefits	2,408,776	2,011,192	2,823,232	1,794,643	78,822	4,325,618	-	1,762,350	822,401	823,746	86,283	-	-	16,858,241
Interest on long-term debt	-	-	505,770	238,390	-	15,823	-	-	3,779	-	-	-	-	842,584
Materials and Supplies	1,455,833	842,083	2,018,032	2,478,691	63,884	967,378	-	1,378,128	335,705	196,511	92,324	-	-	9,828,569
Contracted services and general services	29,828	4,747,553	926,831	1,443,677	2,097,514	-	-	279,947	3,810	-	-	701,516	(255,938)	9,974,748
Rents and Financial Expenses	37,041	50,940	109,014	308,454	6,751	1,871	-	137,565	78,448	-	-	-	-	736,698
External Transfers	256,646	262,311	-	-	545,844	1,291,800	902,796	314,061	157,638	-	6,614	-	-	3,731,096
Interfunctional adjustments	(272,500)	88,550	(35,250)	265,000	70,000	-	-	4,200	(120,000)	-	-	-	-	-
Amortization	133,359	251,063	5,017,037	2,120,712	75,087	124,095	902,796	760,060	14,700	112,555	-	23,003	-	8,631,671
	\$ 4,048,983	\$ 8,253,692	\$ 11,364,666	\$ 8,649,567	\$ 2,937,902	\$ 6,726,585	\$ 902,796	\$ 4,636,311	\$ 1,296,481	\$ 1,132,812	\$ 185,221	\$ 724,319	\$ (255,938)	\$ 30,603,607
<b>NET REVENUE/(EXPENDITURE)</b>	\$ (98,087)	\$ 84,290	\$ (3,388,561)	\$ (1,184,670)	\$ 158,229	\$ 251,500	\$ 14,554	\$ (534,329)	\$ (28,609)	\$ 38,074	\$ 797	\$ 149,270	\$ -	\$ (4,537,542)

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, 2011

	DECEMBER 31, 2010 ACTUAL													
	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	HEALTH SERVICES	SOCIAL AND FAMILY SERVICES	HOUSING	RECREATION AND CULTURAL SERVICES	PLANNING AND DEVELOPMENT	PICTON LIBRARY BOARD	PICTON BUSINESS IMPROVEMENT AREA	CENTRE AND SOUTH EASTINGS WASTE SERVICES BOARD	ELIMINATIONS	CONSOLIDATED
REVENUES														
Net taxes available for municipal purposes - note 16	\$ 1,268,207	\$ 5,449,452	\$ 7,687,088	\$ 1,007,470	\$ 1,822,675	\$ 1,836,154	\$ 917,330	\$ 2,574,590	\$ 1,265,624	\$ 883,497	\$ 80,574	\$ -	\$ -	\$ 24,792,681
User charges	204,282	760,716	260,505	5,146,959	30,961	1,567,648	-	907,449	243,193	14,834	8,896	455,632	(10,000)	9,591,095
Government Transfers	2,508	-	-	-	-	-	-	26,641	217,769	15,497	19,551	-	-	281,966
Province of Ontario	1,961,142	1,119,113	168,154	13,434	1,160,231	3,412,593	-	40,196	88,080	108,145	1,111,188	290,008	(290,008)	8,182,276
Other municipalities	19,787	-	-	-	-	66,275	-	-	4,969	1,484	-	2,323	-	66,275
Investment Income	419,087	405,420	-	38,594	-	-	-	-	-	-	-	-	-	28,563
Fines and penalties	-	-	20,000	-	-	-	-	69,644	-	67,703	-	-	-	863,101
Donations	3,873,013	7,734,721	8,135,747	6,206,457	3,013,867	6,882,670	917,330	3,618,520	1,819,635	1,086,160	230,209	747,963	(300,008)	152,247
	2,438,544	1,961,180	2,900,897	1,679,703	-	4,289,705	-	1,701,091	884,151	744,749	49,673	-	-	16,649,693
EXPENDITURES														
CURRENT														
Salaries wages and employee benefits	1,584,309	797,054	558,790	184,999	79,399	19,029	-	-	4,969	-	-	-	-	847,186
Interest on long-term debt	183,135	4,442,993	1,409,461	2,124,570	64,658	868,139	-	-	806,503	195,778	182,304	-	-	9,876,612
Materials and Supplies	203,923	49,717	114,667	1,356,726	2,018,926	1,911	-	211,959	6,470	-	-	646,753	(290,008)	9,816,645
Contracted services and general services	(220,000)	250,609	66,000	165,000	530,344	2,169,780	917,352	274,700	67,721	-	-	-	-	595,456
Rents and Financial Expenses	113,441	250,650	4,778,606	1,241,578	54,391	114,430	-	10,000	122,368	10,000	-	-	(10,000)	4,469,076
External Transfers	-	-	-	-	-	-	-	10,000	(120,000)	-	-	-	-	-
Interfunctional adjustments	-	-	-	-	-	-	-	296,310	14,615	115,705	20,841	-	-	7,000,467
Amortization	-	-	11,836,106	6,815,817	2,753,704	7,462,994	917,332	3,854,750	1,780,797	1,066,232	231,977	667,594	(300,008)	49,255,435
	4,316,917	7,851,203	11,836,106	6,815,817	2,753,704	7,462,994	917,332	3,854,750	1,780,797	1,066,232	231,977	667,594	(300,008)	49,255,435
	(441,904)	(116,482)	(3,700,359)	(609,360)	260,163	(580,324)	(12)	(236,230)	38,838	19,928	(11,768)	80,369	-	(5,397,131)
NET REVENUE/(EXPENDITURE)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2011**

	2011 <u>Budget</u> (unaudited)	2011 <u>Actual</u>	2010 <u>Actual</u>
<b>REVENUES</b>			
Investment income	\$ -	\$ 31,917	\$ 31,770
Net revenues	<u>-</u>	<u>31,917</u>	<u>31,770</u>
<b>TRANSFERS</b>			
Transfers from (to) revenue fund	-	1,322,724	178,282
Transfers from (to) capital fund	<u>1,651,122</u>	<u>(70,882)</u>	<u>(496,034)</u>
Net transfers	<u>1,651,122</u>	<u>1,251,842</u>	<u>(317,752)</u>
Change in reserves and reserve funds	1,651,122	1,283,759	(285,982)
<b>RESERVES AND RESERVE FUNDS, beginning of year</b>	<u>7,705,792</u>	<u>7,705,792</u>	<u>7,991,774</u>
<b>RESERVES AND RESERVE FUNDS, end of year</b>	<u>\$ 9,356,914</u>	<u>\$ 8,989,551</u>	<u>\$ 7,705,792</u>
Analyzed as follows:			
Reserves set aside for specific purpose by Council			
Acquisition of capital assets		\$ 1,879,908	\$ 1,823,340
Roads construction		48,551	435,387
Recreation programs and facilities		586,410	443,918
Working capital		590,628	585,521
Contingencies		2,268,943	1,591,273
Protection services		19,900	19,900
Water and sewer systems		13,463	13,463
Planning and development		404,767	374,503
Social services		58,871	58,871
Pits and quarries		<u>98,529</u>	<u>98,529</u>
Total reserves		<u>5,969,970</u>	<u>5,444,705</u>
Reserve funds set aside for a specific purpose by Council			
Acquisition of capital assets		100,505	96,317
Roads construction		274,039	217,147
Recreation programs and facilities		106,180	48,687
Water and sewer systems		1,034,352	309,630
Contingencies		1,302,672	1,399,789
Cemetery maintenance		141,562	144,348
Parking		182	8,139
Lot levies		3,729	3,683
OPP revenues		<u>56,360</u>	<u>33,347</u>
Total reserve funds		<u>3,019,581</u>	<u>2,261,087</u>
Total reserves and reserve funds		<u>\$ 8,989,551</u>	<u>\$ 7,705,792</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, 2011**

	OPERATING BUDGET	CAPITAL BUDGET	RESERVE FUNDS	TANGIBLE CAPITAL ASSET ADJUSTMENTS	PICTON LIBRARY BOARD	PICTON BUSINESS IMPROVEMENT	CENTRE AND SOUTH HASTINGS WASTE SERVICES	ELIMINATIONS	PSAB BUDGET
<b>REVENUES</b>									
Net taxes available for municipal purposes	\$ 24,002,523	-	\$ -	-	\$ 931,181	\$ 82,500	\$ -	-	35,016,204
User fees and sale of goods and services	10,902,268	-	-	-	10,088	7,000	443,788	-	11,363,144
Government transfers	-	-	-	-	-	-	-	-	-
Canada	25,300	-	-	-	-	8,100	-	-	33,400
Ontario	8,078,944	-	-	-	109,043	81,194	-	-	8,269,181
Other municipalities	-	-	-	-	-	-	289,863	(289,863)	-
Investment income	28,450	-	-	-	1,800	-	2,947	-	33,197
Fines and penalties	773,000	-	-	-	-	-	-	-	773,000
Donations	33,250	-	-	-	20,000	-	-	-	53,250
	<u>43,843,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,072,112</u>	<u>178,794</u>	<u>736,598</u>	<u>(289,863)</u>	<u>45,541,376</u>
<b>EXPENDITURES</b>									
Current									
General government	4,261,668	-	-	133,359	-	-	-	-	4,395,027
Protection services	7,952,120	-	-	251,063	-	-	-	-	8,203,183
Transportation services	6,826,589	-	-	5,017,037	-	-	-	-	11,843,626
Environmental services	6,655,558	-	-	2,120,712	-	-	742,171	(289,863)	9,228,578
Health services	2,847,691	-	-	75,087	-	-	-	-	2,922,778
Social and family services	6,696,859	-	-	124,095	-	-	-	-	6,820,954
Social housing	917,350	-	-	-	-	-	-	-	917,350
Recreation and cultural services	3,831,326	-	-	760,060	1,112,667	-	-	-	5,704,053
Planning and development	1,640,760	-	-	14,700	-	185,509	-	-	1,840,969
	<u>41,629,921</u>	<u>99,500</u>	<u>-</u>	<u>(69,500)</u>	<u>1,112,667</u>	<u>185,509</u>	<u>742,171</u>	<u>(289,863)</u>	<u>51,876,518</u>
Capital									
General government	-	99,500	-	(69,500)	-	-	-	-	-
Protection services	-	99,600	-	(99,600)	-	-	-	-	-
Transportation services	-	2,419,683	-	(2,419,683)	-	-	-	-	-
Environmental services	-	8,598,731	-	(8,598,731)	-	-	-	-	-
Health services	-	135,612	-	(135,612)	-	-	-	-	-
Social and family services	-	35,800	-	(35,800)	-	-	-	-	-
Social housing	-	2,304,666	-	(2,304,666)	-	-	-	-	-
Recreation and cultural services	-	13,593,592	-	(5,097,479)	1,112,667	185,509	742,171	(289,863)	13,409,592
Planning and development	-	(13,593,592)	-	5,097,479	(40,555)	(6,715)	(5,573)	-	(6,335,142)
	<u>2,213,814</u>	<u>526,804</u>	<u>-</u>	<u>(40,555)</u>	<u>(40,555)</u>	<u>(6,715)</u>	<u>(5,573)</u>	<u>-</u>	<u>2,213,814</u>
<b>NET REVENUES (EXPENDITURES)</b>									
OTHER INCOME AND EXPENSES RELATED TO CAPITAL									
Net taxes available for municipal purposes	-	526,804	-	-	-	-	-	-	526,804
Government transfers	-	-	-	-	-	-	-	-	-
Canada	-	1,130,951	-	-	40,000	-	-	-	1,170,951
Ontario	-	1,557,185	-	-	96,858	-	-	(96,858)	1,557,185
Other municipalities	-	56,500	-	-	4,000	-	-	-	60,500
Other	-	3,271,440	-	-	140,858	-	-	(96,858)	3,315,440
	<u>8,247,281</u>	<u>-</u>	<u>-</u>	<u>(8,247,281)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt and other long-term borrowings	(1,705,891)	-	-	1,705,891	-	-	-	-	-
Debt repayment	(2,998)	-	-	2,998	-	-	-	-	-
Obligation under capital lease	15,642	-	-	(15,642)	-	-	-	-	-
Benefiting landowners principal repayments	(520,607)	2,074,871	(1,651,122)	(1,651,122)	-	-	-	96,858	-
Transfers from (to) other funds	(2,213,814)	10,322,152	(1,651,122)	(6,554,074)	-	-	-	96,858	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,651,122)</u>	<u>\$ (1,456,595)</u>	<u>\$ 100,303</u>	<u>\$ (6,715)</u>	<u>\$ (5,573)</u>	<u>\$ -</u>	<u>\$ (3,019,702)</u>

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