

**CORPORATION OF THE
TOWNSHIP OF CRAMAHE**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

**CORPORATION OF THE
TOWNSHIP OF CRAMAHE**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

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CORPORATION OF THE TOWNSHIP OF CRAMAHE

For The Year Ended December 31, 2010

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Cramahe 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 accounting 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 Township 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 Township's assets are appropriately accounted for and adequately safeguarded.

The Township'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 Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Cramahe. 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 Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Collins Barrow Kawarthas LLP has full and free access to Council.

Mayor

M Coombs

Date

Sept 14th, 2011

Treasurer

Mon Chatterjee

Date

Sept 13/11

The Corporation of the Township of Cramahe

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INDEPENDENT AUDITORS' REPORTT. 705.742.3418
F. 705.742.9775**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Cramahe**www.collinsbarrow.com*Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Cramahe and its local boards, which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

We believe that the audit evidence we have obtained 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 Township of Cramahe and its local boards as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Accountants
Licensed Public AccountantsPeterborough, Ontario
September 6, 2011

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2010

	2010	Restated 2009
	\$	\$
		(Note 3)
FINANCIAL ASSETS		
Cash and short-term investments	3,657,164	5,944,051
Accounts receivable	1,854,967	633,235
Taxes receivable	1,110,417	988,364
Inventory held for resale	830,229	979,926
TOTAL FINANCIAL ASSETS	7,452,777	8,545,576
LIABILITIES		
Accounts payable	893,224	659,025
Deferred revenue - obligatory reserve funds (note 5)	273,268	525,506
Deferred revenue - other	3,602	23,553
Long term debt (note 6)	3,483,257	3,909,317
TOTAL LIABILITIES	4,653,351	5,117,401
NET FINANCIAL ASSETS	2,799,426	3,428,175
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	17,962,407	14,082,791
ACCUMULATED SURPLUS (note 7)	20,761,833	17,510,966

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2010

	Budget 2010 \$	Actual 2010 \$	Restated Actual 2009 \$ (Note 3)
REVENUES			
Property taxation	4,354,594	4,389,382	3,999,614
User charges	1,303,217	1,367,899	1,402,623
Government of Canada	2,510,716	952,971	510,892
Province of Ontario	3,105,084	1,774,752	961,217
Penalties and interest on taxes	150,000	161,142	149,054
Investment income	25,000	56,803	28,796
Donations	-	600	1,809
Sale of land held for resale	500	223,314	291,957
Gain on disposal of tangible capital assets	-	102,673	-
Federal gas tax revenue earned	315,000	416,495	167,651
Parkland	-	17,104	-
Developer contributions earned	54,522	55,088	182,781
TOTAL REVENUES	11,818,633	9,518,223	7,696,394
EXPENSES			
General government	840,059	974,216	855,259
Protection services	1,559,949	1,580,766	1,348,669
Transportation services	1,616,029	1,565,785	1,478,003
Environmental services	643,124	594,917	610,865
Health services	46,000	43,234	46,429
Recreation and cultural services	1,356,178	1,127,548	1,154,759
Planning and development	414,782	380,890	331,390
TOTAL EXPENSES	6,476,121	6,267,356	5,825,374
ANNUAL SURPLUS	5,342,512	3,250,867	1,871,020
ACCUMULATED SURPLUS - beginning of year	17,510,966	17,510,966	15,639,946
ACCUMULATED SURPLUS - end of year	22,853,478	20,761,833	17,510,966

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2010

	Budget 2010 \$	Actual 2010 \$	Restated 2009 \$ (Note 3)
ANNUAL SURPLUS	5,342,512	3,250,867	1,871,020
Amortization of tangible capital assets	625,629	685,005	625,559
Acquisition of tangible capital assets	(8,547,429)	(4,639,242)	(1,626,474)
Loss/(gain) on disposal of tangible capital assets	-	(102,673)	36,529
Proceeds on sale of tangible capital assets	-	177,294	18,047
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(2,579,288)	(628,749)	924,681
NET FINANCIAL ASSETS - beginning of year	3,428,175	3,428,175	2,503,494
NET FINANCIAL ASSETS - end of year	848,887	2,799,426	3,428,175

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended December 31, 2010

	2010 \$	Restated 2009 \$ (Note 3)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	3,250,867	1,871,020
Increase in accounts receivable	(1,221,732)	(349,688)
(Increase)/decrease in taxes receivable	(122,053)	24,638
Decrease in inventory held for resale	149,697	63,088
Increase in accounts payable	234,199	179,261
Decrease in deferred revenue - obligatory reserve funds	(252,238)	(123,952)
Increase/(decrease) in deferred revenue - other	(19,951)	21,202
Non-cash charges to operations		
Amortization of tangible capital assets	685,005	622,961
Loss/(gain) on disposal of tangible capital assets	(102,673)	36,529
Net increase in cash from operating transactions	2,601,121	2,345,059
CAPITAL		
Acquisition of tangible capital assets	(4,639,242)	(1,626,474)
Proceeds on disposal of tangible capital assets	177,294	18,047
Net decrease in cash from capital transactions	(4,461,948)	(1,608,427)
FINANCING		
Long term debt issued	-	1,875,087
Debt principal repayments	(426,060)	(295,790)
Net increase/(decrease) in cash from financing transactions	(426,060)	1,579,297
INCREASE/(DECREASE) IN CASH	(2,286,887)	2,315,929
CASH - beginning of year	5,944,051	3,628,122
CASH - end of year	3,657,164	5,944,051

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

The Township of Cramahe is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned and controlled by the Township. These financial statements include:

- Cramahe Township Public Library Board
- East Colborne Cemetery Board

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Trust Funds

Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) 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, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	10 - 50 years
Buildings	10 - 50 years
Machinery and equipment	5 - 15 years
Vehicles	7 - 20 years
Roads	10 - 40 years
Water and sewer	15 - 90 years

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

(e) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Township because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Township unless they are sold.

(f) Reserves and Reserve Funds

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

(g) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(h) Taxation

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are processed by the Township upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose no significant collection risk.

(i) Government Funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Township's best information and judgment. Such amounts are not expected to change materially in the near term.

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

(k) Financial Instruments

The Township's financial instruments consist of cash and short-term investments, accounts receivable, taxes receivable, accounts payable and long term debt. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values and that the Township does not have any significant concentration of interest, currency or credit risk.

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

During 2010, requisitions were made by the County of Northumberland and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	1,962,764	2,704,010
Taxation from other governments	9,193	8,666
Amounts requisitioned and remitted	1,971,957	2,712,676

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

3. PRIOR PERIOD ADJUSTMENT

The Township has restated its financial statements to account for an error in the determination of tangible capital assets. Adjustments necessary to the 2009 financial information as a result are as follows:

Adjustment to 2009 Tangible Capital Assets

Assets previously recorded to December 31, 2009	\$ 24,474,173
Accumulated amortization to December 31, 2009, previously recorded	(10,913,966)
Capital asset additions previously expensed	616,605
2008 capital assets previously capitalized	(98,720)
2009 amortization expense previously recorded	<u>4,699</u>
Closing 2009 and opening 2010 net book value of tangible capital assets as restated	<u>\$ 14,082,791</u>

Adjustment to Opening 2009 Accumulated Surplus

Opening 2009 accumulated surplus as previously stated	15,738,666
Capital assets previously capitalized	<u>(98,720)</u>
Opening 2009 accumulated surplus as restated	<u>\$ 15,639,946</u>

Adjustment to 2009 Annual Surplus

2009 annual surplus as previously stated	\$ 1,249,716
Add: Capital asset additions previously expensed	616,605
2009 Amortization expense previously recorded	<u>4,699</u>
2009 annual surplus as restated	<u>\$ 1,871,020</u>

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

4. TANGIBLE CAPITAL ASSETS

The net book value of the Township's tangible capital assets are:

	2010	Restated 2009 (Note 3)
	\$	\$
General		
Land and land improvements	2,251,837	2,092,135
Buildings and facilities	3,139,116	3,303,431
Machinery and equipment	212,853	201,419
Vehicles	1,686,062	1,198,346
Infrastructure		
Roads	4,856,681	3,175,183
Water and sewer	3,596,244	3,207,388
	15,742,793	13,177,902
Assets under construction	2,219,614	904,889
	17,962,407	14,082,791

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2009 - \$Nil) and no interest capitalized (2009 - \$Nil).

The allocation of tangible capital assets by segment is as follows:

	2010	Restated 2009 (Note 3)
	\$	\$
General government	166,401	175,732
Protection services	752,928	573,641
Transportation services	6,317,477	4,981,255
Environmental services	5,996,539	3,514,286
Health services	128,579	128,579
Recreation and cultural services	4,033,357	4,142,172
Planning and development	567,126	567,126
	17,962,407	14,082,791

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are summarized below:

	2010	2009
	\$	\$
Parkland	76,574	93,191
Development charges	129,472	135,360
Gas tax revenues	67,222	296,955
	273,268	525,506

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2010	2009
	\$	\$
Balance - beginning of year	525,506	649,458
Add amounts received:		
Development charges	48,297	31,623
Gas tax revenues	182,515	185,632
Interest	5,637	9,225
	236,449	226,480
Less transfer to operations:		
Parkland	17,104	-
Development charges	55,088	182,781
Gas tax revenues	416,495	167,651
	488,687	350,432
Balance - end of year	273,268	525,506

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

6. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2010 \$	2009 \$
Long term bank loan, due September 1, 2012, repayable in blended monthly installments of \$16,715, interest rate fixed at 5.85% per annum.	1,116,385	1,247,471
Long term bank loan, due December 1, 2013, repayable in blended monthly installments of \$17,193, interest rate fixed at 3.5% per annum.	586,791	769,051
Long term loan from Community Futures, due January 1, 2017, repayable in monthly installments of \$208, interest free.	15,208	17,708
Long term bank loan, due August 4, 2019, repayable in blended semi-annual installments of \$37,000, interest rate fixed at 4.04% per annum.	458,510	500,000
Long term loan from CMHC, due November 1, 2024, repayable in blended annual installments of \$123,590, interest rate fixed at 3.99% per annum.	1,306,363	1,375,087
	3,483,257	3,909,317

- (b) The long term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) Interest paid during the year on long term debt amounted to \$168,210 (2009 - \$122,883).
- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2011	444,900	149,366	594,266
2012	464,579	129,687	594,266
2013	485,185	109,081	594,266
2014	297,157	90,843	388,000
2015	312,249	75,701	387,950
2016 and subsequent years	1,479,187	164,364	1,643,551
	3,483,257	719,042	4,202,299

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

7. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2010	Restated 2009 (Note 3)
	\$	\$
Surplus/(Deficit)		
Area rates	(1,419)	(20,989)
East Colborne Cemetery Board	14,254	10,567
Inventory held for resale	823,214	970,857
	<u>836,049</u>	<u>960,435</u>
Invested In Capital Assets		
Tangible capital assets - net book value	17,962,407	14,082,791
Long term debt	(3,483,257)	(3,909,317)
Unexpended/(unfinanced)	(189,011)	509,648
	<u>14,290,139</u>	<u>10,683,122</u>
Surplus	<u>15,126,188</u>	<u>11,643,557</u>
Reserves		
Working funds	617,623	597,623
Sewer operations	1,768,797	1,480,735
Future capital	382,171	406,315
Waterworks operations	1,168,430	1,128,073
Community projects	13,621	12,620
Transportation services	957,766	1,504,237
Insurance deductible	15,251	10,943
Fire services	63,349	226,382
Workplace Safety and Insurance Board	201,982	199,482
Planning and development operations	148,989	160,189
General government operations	93,730	98,189
Library operations	12,149	11,794
Police	41,267	-
Animal control	3,273	-
Benefit stabilization	134,402	-
Total Reserves	<u>5,622,800</u>	<u>5,836,582</u>
Reserve Funds		
Library services	12,845	30,827
	<u>20,761,833</u>	<u>17,510,966</u>

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

8. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The Township does not have any obligations for landfill sites since the County of Northumberland assumed waste management responsibilities for the County in 1990. The Township has completed a settlement with the County for its landfill site in prior years.

9. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2010 \$	Actual 2010 \$	Restated 2009 \$
Salaries and benefits	1,860,211	1,746,687	1,718,500
Interest charges	168,205	168,210	122,883
Materials	1,897,606	1,837,991	1,719,664
Contracted services	1,764,489	1,485,071	1,365,798
Rents and financial	12,800	49,604	27,387
External transfers	147,181	147,147	143,133
Amortization	625,629	685,005	622,961
Cost of land sold	-	147,641	68,520
Loss on sale of assets	-	-	36,528
	6,476,121	6,267,356	5,825,374

10. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The plan is a 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 required on account of current service in 2010 were \$64,187 (2009 - \$60,212).

The permanent full-time staff members not participating in the OMERS plan received a contribution to their Registered Retirement Savings Plan in lieu of the OMERS benefit.

11. TRUST FUNDS

Trust funds administered by the Township amounting to \$51,366 (2009 - \$50,229) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

12. BUDGET FIGURES

The budget, approved by the Township, for 2010 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

13. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$500,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 2010-02.

14. SEGMENTED INFORMATION

The Township of Cramahe is a municipal government institution that provides a range of services to its citizens. Township services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segmented Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the Township and its programs and services.

Protection Services

Protection services include police, fire, conservation authority and protective inspection and control.

Transportation Services

The activities of the transportation function includes maintenance of the Township's roads and bridges, winter control and street lighting.

Environmental Services

The environmental function is responsible for water and sewer and waste management services not covered by the County of Northumberland.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

14. SEGMENTED INFORMATION, continued

Health Services

The health services function manages the operation of the East Colborne cemetery.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities, recreation programs and library services.

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the Township.

15. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2010

	General				Infrastructure		Assets Under Construction \$	Totals \$
	Land and land improvements \$	Buildings and facilities \$	Machinery and equipment \$	Vehicles \$	Roads \$	Water and sewer \$		
COST								
Balance, beginning of year (restated)	2,436,639	5,114,427	367,204	2,553,591	9,108,245	4,520,062	904,889	25,005,057
Add: additions during the year	173,649	-	54,434	620,275	1,352,253	342,659	2,095,972	4,639,242
Less: disposals during the year	-	-	-	245,375	838	-	-	246,213
Internal transfers	-	-	-	-	659,651	121,596	(781,247)	-
Balance, end of year	2,610,288	5,114,427	421,638	2,928,491	11,119,311	4,984,317	2,219,614	29,398,086
ACCUMULATED AMORTIZATION								
Balance, beginning of year (restated)	344,504	1,810,996	165,785	1,355,245	5,933,062	1,312,674	-	10,922,266
Add: additions during the year	13,947	164,315	43,000	57,938	330,406	75,399	-	685,005
Less: disposals during the year	-	-	-	170,754	838	-	-	171,592
Balance, end of year	358,451	1,975,311	208,785	1,242,429	6,262,630	1,388,073	-	11,435,679
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,251,837	3,139,116	212,853	1,686,062	4,856,681	3,596,244	2,219,614	17,962,407

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2010

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	-	1,709,592	2,022,361	-	-	657,429	-	4,389,382
User charges	41,017	55,263	3,139	1,035,762	2,607	208,045	22,066	1,367,899
Government transfers - operating	737,600	44,494	216,595	-	-	25,928	824	1,025,441
Government transfers - capital	-	-	141,943	1,437,315	-	110,279	12,745	1,702,282
Penalties and interest on taxes	161,142	-	-	-	-	-	-	161,142
Investment income	56,803	-	-	-	-	-	-	56,803
Donations	600	-	-	-	-	-	-	600
Sale of land held for resale	223,314	-	-	-	-	-	-	223,314
Gain on disposal of tangible capital assets	-	1,200	101,473	-	-	-	-	102,673
Federal gas tax revenue earned	-	-	416,495	-	-	-	-	416,495
Parkland	17,104	-	-	-	-	-	-	17,104
Developer contributions earned	55,088	-	-	-	-	-	-	55,088
Total revenues	1,292,668	1,810,549	2,902,006	2,473,077	2,607	1,001,681	35,635	9,518,223
Expenses								
Salaries and benefits	461,503	267,522	424,534	68,307	61	426,767	97,993	1,746,687
Interest charges	-	-	-	54,871	-	69,499	43,840	168,210
Materials	339,385	178,167	594,847	200,570	18,208	398,041	108,773	1,837,991
Contracted services	29,096	1,009,151	196,573	182,445	-	2,245	65,561	1,485,071
Rents and financial	6,296	-	-	6,000	-	1,633	35,675	49,604
External transfers	-	66,772	9,295	-	24,965	31,352	14,763	147,147
Amortization	9,330	59,154	340,536	77,974	-	198,011	-	685,005
Cost of land sold	128,606	-	-	4,750	-	-	14,285	147,641
Total expenses	974,216	1,580,766	1,565,785	594,917	43,234	1,127,548	380,890	6,267,356
Net surplus/(deficit)	318,452	229,783	1,336,221	1,878,160	(40,627)	(125,867)	(345,255)	3,250,867

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2009

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	426,464	1,116,323	1,238,151	5,379	4,120	783,326	425,851	3,999,614
User charges	50,984	78,726	475	1,005,622	2,565	230,473	33,778	1,402,623
Government transfers - operating	784,128	25,484	134,826	-	-	15,246	-	959,684
Government transfers - capital	-	-	389,906	121,443	-	1,076	-	512,425
Penalties and interest on taxes	149,054	-	-	-	-	-	-	149,054
Investment income	25,345	3	-	1,747	1,017	684	-	28,796
Donations	-	-	-	-	-	1,809	-	1,809
Sale of land held for resale	68,520	-	-	-	-	-	223,437	291,957
Federal gas tax revenue earned	-	-	167,651	-	-	-	-	167,651
Developer contributions earned	5,267	27,911	99,403	-	-	50,200	-	182,781
Total revenues	1,509,762	1,248,447	2,030,412	1,134,191	7,702	1,082,814	683,066	7,696,394
Expenses								
Salaries and benefits	466,998	265,096	427,847	95,147	-	385,673	77,739	1,718,500
Interest charges	-	-	-	-	-	76,931	45,952	122,883
Materials	311,604	151,958	470,370	247,556	11,229	442,234	84,713	1,719,664
Contracted services	22,305	819,470	274,472	181,528	-	1,548	66,475	1,365,798
Rents and financial	6,252	-	263	6,000	-	11	14,861	27,387
External transfers	-	63,138	9,295	-	35,200	18,850	16,650	143,133
Amortization	9,330	49,007	295,756	75,884	-	192,984	-	622,961
Cost of land sold	38,770	-	-	4,750	-	-	25,000	68,520
Loss on sale of assets	-	-	-	-	-	36,528	-	36,528
Total expenses	855,259	1,348,669	1,478,003	610,865	46,429	1,154,759	331,390	5,825,374
Net surplus/(deficit)	654,503	(100,222)	552,409	523,326	(38,727)	(71,945)	351,676	1,871,020

INDEPENDENT AUDITORS' REPORT**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Cramahe***Report on the Financial Statements*

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Township of Cramahe, which comprise the statement of financial position as at December 31, 2010, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Township as at December 31, 2010 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Accountants
Licensed Public AccountantsPeterborough, Ontario
September 6, 2011

CORPORATION OF THE TOWNSHIP OF CRAMAHE

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2010

	Cemetery Perpetual Care \$	Forestry Program \$	2010 Total \$	2009 Total \$
FINANCIAL ASSETS				
Cash	-	-	-	1,185
Investments (note 2)	41,165	9,901	51,066	49,800
Accounts receivable	300	-	300	429
	<u>41,465</u>	<u>9,901</u>	<u>51,366</u>	<u>51,414</u>
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable	-	-	-	1,185
FUND BALANCES				
Capital	35,721	9,901	45,622	44,318
Income	5,744	-	5,744	5,911
	<u>41,465</u>	<u>9,901</u>	<u>51,366</u>	<u>50,229</u>
	<u>41,465</u>	<u>9,901</u>	<u>51,366</u>	<u>51,414</u>

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2010

	Cemetery Perpetual Care \$	Forestry Program \$	2010 Total \$	2009 Total \$
BALANCE - beginning of year	40,912	9,317	50,229	51,704
RECEIPTS				
Investment income	1,271	584	1,855	1,222
Interment fees	16	-	16	200
Capital gains	14	-	14	145
Care and maintenance receipts	3	-	3	31
	1,304	584	1,888	1,598
EXPENSES				
Administration fee	166	-	166	333
Transfer to province	-	-	-	940
Transfer to operations	585	-	585	615
	751	-	751	1,888
BALANCE - end of year	41,465	9,901	51,366	51,414

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses 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.

(b) Financial Instruments

The Trust Funds' financial instruments consist of cash, investments, accounts receivable and accounts payable. It is management's opinion that the fair value of financial instruments are not materially different from their carrying value unless otherwise noted. The market value of the investments is disclosed in Note 2. The Trust Funds are exposed to fluctuations in the market price of its investments. The Trust Funds do not have any significant concentration of credit or currency risk.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the period and are based on the Township's best information and judgment. Actual results could differ from these estimates.

2. INVESTMENTS

Included in cash and investments are the following investments recorded at cost:

	Market Value	2010	2009
	\$	\$	\$
Scotiastrust Bond Common Trust Fund - cost	41,331	41,165	40,612
1 year GIC maturing January 10, 2011, interest at 3.8%	-	9,901	-
1 year GIC maturing January 8, 2010, interest at 1.4%	-	-	9,188
	41,331	51,066	49,800

**CORPORATION OF THE
TOWNSHIP OF CRAMAHE**

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2010

INDEPENDENT AUDITORS' REPORT

**To the Members of the Cramahe Township Public Library Board, the
Members of Council, Inhabitants and Ratepayers of the Corporation of
the Township of Cramahe**

Report on the Financial Statements

We have audited the accompanying financial statements of the Cramahe Township Public Library Board of the Corporation of the Township of Cramahe, which comprise the statement of financial position as at December 31, 2010, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Cramahe Township Public Library Board as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
September 6, 2011

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2010

	2010	2009
	\$	\$
FINANCIAL ASSETS		
Cash and short-term investments (note 4)	44,780	131,896
Accounts receivables	3,058	-
TOTAL FINANCIAL ASSETS	47,838	131,896
LIABILITIES		
Due to Township	22,844	89,275
NET FINANCIAL ASSETS	24,994	42,621
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	125,206	120,774
ACCUMULATED SURPLUS (note 3)	150,200	163,395

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2010

	Budget 2010 \$	Actual 2010 \$	Actual 2009 \$
REVENUES			
Municipal contributions	132,616	134,488	105,756
Provincial grants	12,669	12,669	12,669
Other income	6,255	24,057	8,971
Interest	-	56	129
TOTAL REVENUES	151,540	171,270	127,525
EXPENSES			
Salaries and benefits	81,669	97,550	62,340
Supplies	6,147	4,515	3,092
Maintenance and utilities	40,055	37,424	21,595
Professional fees	4,200	7,085	3,679
Miscellaneous expenses	2,450	2,255	5,634
Equipment and furnishings	9,000	2,924	9,750
Amortization	31,256	32,712	30,238
TOTAL EXPENSES	174,777	184,465	136,328
ANNUAL DEFICIT	(23,237)	(13,195)	(8,803)
ACCUMULATED SURPLUS - beginning of year	163,395	163,395	172,198
ACCUMULATED SURPLUS - end of year	140,158	150,200	163,395

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2010

	Budget 2010 \$	Actual 2010 \$	Actual 2009 \$
ANNUAL DEFICIT	(23,237)	(13,195)	(8,803)
Amortization of tangible capital assets	31,256	32,712	30,238
Acquisition of tangible capital assets	(37,200)	(37,144)	(38,318)
DECREASE IN NET FINANCIAL ASSETS	(29,181)	(17,627)	(16,883)
NET FINANCIAL ASSETS - beginning of year	42,621	42,621	59,504
NET FINANCIAL ASSETS - end of year	13,440	24,994	42,621

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF CASH FLOWS For the Year Ended December 31, 2010

	2010	2009
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual deficit	(13,195)	(8,803)
Increase in accounts receivables	(3,058)	-
Increase/(decrease) in due to Township	(66,431)	61,839
Non-cash charges to operations		
Amortization of tangible capital assets	32,712	30,238
Net increase/(decrease) in cash from operating transactions	(49,972)	83,274
CAPITAL		
Acquisition of tangible capital assets	(37,144)	(38,318)
INCREASE/(DECREASE) IN CASH	(87,116)	44,956
CASH - beginning of year	131,896	86,940
CASH - end of year	44,780	131,896

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

(b) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Board's best information and judgment. Such amounts are not expected to change materially in the near term.

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

(c) Financial Instruments

The Board's financial instruments consist of cash and short-term investments, accounts receivable and due to Township. It is management's opinion that the fair value of financial instruments are not materially different from their carrying value unless otherwise noted. The Board does not have any significant concentration of credit, currency or interest rate risk.

(d) 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, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Books and periodicals	7 years
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Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

(e) Non-Financial Assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2010

2. TANGIBLE CAPITAL ASSETS

The net book value of the Board's tangible capital assets are:

	2010 Books and Periodicals \$	2009 Books and Periodicals \$
COST		
Balance, beginning of year	240,230	201,912
Add: additions during the year	37,144	38,318
Less: disposals during the year	18,797	-
Balance, end of year	258,577	240,230
ACCUMULATED AMORTIZATION		
Balance, beginning of year	119,456	89,218
Add: additions during the year	32,712	30,238
Less: disposals during the year	18,797	-
Balance, end of year	133,371	119,456
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	125,206	120,774

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2010

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2010	2009
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	125,206	120,774
Surplus	125,206	120,774
Reserves		
Equipment and connectivity enhancements	10,585	10,585
Castleton library	1,209	1,209
Donations	355	-
Total Reserves	12,149	11,794
Reserve Funds		
Literacy enhancements	12,845	30,827
	150,200	163,395

4. CASH AND SHORT-TERM INVESTMENTS

Included in cash and short-term investments is a guaranteed investment certificate for \$16,011, which matures January 24, 2011 with an interest rate of 0.55%.

5. BUDGET FIGURES

The operating budget, approved by the Board, for 2010 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

**CORPORATION OF THE
TOWNSHIP OF CRAMAHE**

EAST COLBORNE CEMETERY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2010

INDEPENDENT AUDITORS' REPORT**To the Members of the East Colborne Cemetery Board, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Cramahe***Report on the Financial Statements*

We have audited the accompanying financial statements of the East Colborne Cemetery Board of the Corporation of the Township of Cramahe, which comprise the statement of financial position as at December 31, 2010, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the East Colborne Cemetery Board as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Accountants
Licensed Public AccountantsPeterborough, Ontario
September 6, 2011

CORPORATION OF THE TOWNSHIP OF CRAMAHE

EAST COLBORNE CEMETERY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2010

	2010	2009
	\$	\$
FINANCIAL ASSETS		
Cash	14,554	10,867
LIABILITIES		
Due to perpetual care trust	300	300
NET FINANCIAL ASSETS	14,254	10,567
ACCUMULATED SURPLUS (note 2)	14,254	10,567

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

EAST COLBORNE CEMETERY BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2010

	2010	2009
	\$	\$
REVENUES		
Township contribution	10,035	7,553
Decoration day receipts and donations	3,359	2,665
Internment rights and sale of monuments	1,200	100
Investment income	718	819
TOTAL REVENUES	15,312	11,137
EXPENSES		
Administration	752	708
Maintenance	10,873	10,722
TOTAL EXPENSES	11,625	11,430
ANNUAL SURPLUS/(DEFICIT)	3,687	(293)
ACCUMULATED SURPLUS - beginning of year	10,567	10,860
ACCUMULATED SURPLUS - end of year	14,254	10,567

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

EAST COLBORNE CEMETERY BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2010

	Actual 2010 \$	Actual 2009 \$
ANNUAL SURPLUS/(DEFICIT)	3,687	(293)
NET FINANCIAL ASSETS - beginning of year	10,567	10,860
NET FINANCIAL ASSETS - end of year	14,254	10,567

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

EAST COLBORNE CEMETERY BOARD STATEMENT OF CASH FLOWS For the Year Ended December 31, 2010

	2010	2009
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	3,687	(293)
(Increase)/decrease in investments	-	7,258
Net increase in cash from operating transactions	3,687	6,965
INCREASE IN CASH	3,687	6,965
CASH - beginning of year	10,867	3,902
CASH - end of year	14,554	10,867

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

EAST COLBORNE CEMETERY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the period and are based on the Board's best information and judgment. Actual results could differ from these estimates.

(c) Financial Instruments

The Board's financial instruments consist of cash and due to perpetual care trust. It is management's opinion that the fair value of financial instruments are not materially different from their carrying value unless otherwise noted. The Board does not have any significant concentration of credit, currency or interest rate risk.

2. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2010	2009
	\$	\$
Surplus		
Operating surplus	14,254	10,567
	14,254	10,567

3. TRUST FUND

Trust funds administered by the Board amounting to \$20,953 (2009 - \$20,417) have not been included in the Statement of Financial Position nor has its operations been included in the Statement of Operations and Accumulated Surplus.

INDEPENDENT AUDITORS' REPORT

To the Members of the East Colborne Cemetery Board, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Cramahe

Report on the Financial Statements

We have audited the accompanying financial statements of the East Colborne Cemetery Board Trust Funds of the Corporation of the Township of Cramahe, which comprise the statement of financial position as at December 31, 2010, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the East Colborne Cemetery Board as at December 31, 2010 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
September 6, 2011

CORPORATION OF THE TOWNSHIP OF CRAMAHE

PERPETUAL CARE TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2010

	2010	2009
	\$	\$
FINANCIAL ASSETS		
Investments (note 2)	20,653	20,117
Due from Cemetery Board	300	300
	<u>20,953</u>	<u>20,417</u>
FUND BALANCES		
Capital	15,209	14,506
Income	5,744	5,911
	<u>20,953</u>	<u>20,417</u>
	<u>20,953</u>	<u>20,417</u>

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

PERPETUAL CARE TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2010

	2010	2009
	\$	\$
BALANCE - beginning of year	20,417	20,050
RECEIPTS		
Interest income	16	167
Interment fees	520	200
	536	367
BALANCE - end of year	20,953	20,417

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses 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.

(b) Financial Instruments

The Trust Funds financial instruments consist of investments, due from Cemetery and due from Cemetery Board. It is management's opinion that the fair value of financial instruments are not materially different from their carrying value unless otherwise noted. The Trust Funds does not have any significant concentration of credit, currency or interest rate risk.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the period and are based on the Board's best information and judgment. Actual results could differ from these estimates.

2. CASH AND INVESTMENTS

The investments held in the trust at the end of the year at cost are as follows:

	Market Value	2010	2009
	\$	\$	\$
Scotiastream Bond Common Trust Fund - cost	20,536	20,653	20,117
	20,536	20,653	20,117

3. CEMETERY PERPETUAL CARE

The Perpetual Care Fund administered by the Board is funded by the sale of cemetery plots. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to the Board's cemeteries. The operations and investments of the Fund are undertaken by the Board in accordance with the regulations of the Cemeteries Act.
