

The Corporation of the County of Haliburton

Financial Statements

For the year ended December 31, 2011

The Corporation of the County of Haliburton

Financial Statements

For the year ended December 31, 2011

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Independent Auditor's Report

To the Members of Council of the
The Corporation of the County of Haliburton

We have audited the accompanying consolidated financial statements of the The Corporation of the County of Haliburton, which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and notes to consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants, 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, the financial statements present fairly, in all material respects, the financial position of the The Corporation of the County of Haliburton as at December 31, 2011, and of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.



Other Matters

The financial statements of the The Corporation of the County of Haliburton for the year ended December 31, 2010 were audited by another auditor who expressed an unmodified opinion on July 26, 2011. As part of our audit of the 2011 financial statements we also audited the adjustments described in Note 1 that were applied to amend the 2010 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2010 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2010 financial statements taken as a whole.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Lindsay, Ontario
June 27, 2012

The Corporation of the County of Haliburton Consolidated Statement of Financial Position

December 31	2011	2010 Restated (see Note 1)
Financial assets		
Cash (Note 3)	\$ 4,769,557	\$ 5,705,279
Accounts receivable (Note 4)	867,976	988,169
	<u>5,637,533</u>	<u>6,693,448</u>
Liabilities		
Accounts payable and accrued expenses	1,531,479	2,213,214
Deferred revenue	50,487	-
Municipal debt (Note 6)	308,032	608,943
	<u>1,889,998</u>	<u>2,822,157</u>
Net financial assets	<u>3,747,535</u>	<u>3,871,291</u>
Contingent liabilities and commitments (Note 8)		
Non-financial assets		
Tangible capital assets (Note 11)	34,106,436	34,914,314
Accumulated surplus (Note 7)	<u>\$ 37,853,971</u>	<u>\$ 38,785,605</u>

The accompanying summary of significant accounting policies and notes are an integral part of this financial statement.

**The Corporation of the County of Haliburton
Consolidated Statement of Operations**

For the year ended December 31	Budget 2011 (Note 10)	Actual 2011	Actual 2010 Restated (see Note 1)
Revenues			
Requisition on area municipalities	\$ 11,951,400	\$ 11,941,337	\$ 11,500,686
User charges, licences and fines	326,450	566,613	532,134
Grants			
Government of Canada	517,800	511,684	602,153
Province of Ontario	3,434,600	3,439,647	4,583,495
Other			
Investment income	25,000	56,649	26,842
Donations and other	27,900	53,744	28,177
Contributed assets (Note 11)	-	-	71,000
Gain (loss) on disposition of assets	-	(25,859)	24,937
	<u>16,283,150</u>	<u>16,543,815</u>	<u>17,369,424</u>
Expenses			
General government	2,202,100	2,196,919	2,054,939
Protection to persons and property	219,000	199,451	206,571
Transportation services	6,388,100	6,696,622	6,489,328
Health services	4,401,100	4,196,696	4,104,156
Social and family services	935,000	930,636	1,486,021
Social housing	1,026,800	992,811	927,423
Recreational and cultural services	751,100	1,182,667	815,232
Planning and development	1,287,550	1,079,647	1,244,472
	<u>17,210,750</u>	<u>17,475,449</u>	<u>17,328,142</u>
Annual surplus (deficit)	<u>(927,600)</u>	<u>(931,634)</u>	<u>41,282</u>
Accumulated surplus, beginning of year as previously stated	<u>38,785,605</u>	<u>38,785,605</u>	<u>38,964,052</u>
Prior period adjustment (Note 1)	<u>-</u>	<u>-</u>	<u>(219,729)</u>
Accumulated surplus, beginning of year, restated	<u>38,785,605</u>	<u>38,785,605</u>	<u>38,744,323</u>
Accumulated surplus, end of year	<u>\$ 37,858,005</u>	<u>\$ 37,853,971</u>	<u>\$ 38,785,605</u>

The accompanying summary of significant accounting policies and notes are an integral part of this financial statement.

**The Corporation of the County of Haliburton
Consolidated Statement of Change in Net Financial Assets**

For the year ended December 31	Budget 2011 (Note 10)	Actual 2011	Actual 2010 Restated (see Note 1)
Annual surplus (deficit)	\$ (927,600)	\$ (931,634)	\$ 41,282
Acquisition of tangible capital assets	(3,010,300)	(2,751,992)	(3,566,944)
Amortization of tangible capital assets	-	3,526,064	3,551,774
(Gain) loss on sale of tangible capital assets	-	25,859	(24,937)
Proceeds on sale of tangible capital assets	-	7,947	60,584
Net change in net financial assets	(3,937,900)	(123,756)	61,759
Net financial assets, beginning of year as previously stated	3,871,291	3,871,291	4,029,261
Prior period adjustment (Note 1)	-	-	(219,729)
Net financial assets, beginning of year restated	3,871,291	3,871,291	3,809,532
Net financial assets, end of year	\$ (66,609)	\$ 3,747,535	\$ 3,871,291

The accompanying summary of significant accounting policies and notes are an integral part of this financial statement.

**The Corporation of the County of Haliburton
Consolidated Statement of Cash Flows**

For the year ended December 31	Actual 2011	Actual 2010 Restated (see Note 1)
Cash flows from operating activities		
Annual surplus (deficit) (Page 6)	\$ (931,634)	\$ 41,282
Items not involving cash		
Amortization	3,526,064	3,551,774
(Gain) loss on disposal of tangible capital assets	25,859	(24,937)
	<u>2,620,289</u>	<u>3,568,119</u>
Uses		
Decrease in accounts payable	(681,734)	(797,899)
Sources		
Decrease in accounts receivable	120,192	3,434,859
Increase in deferred revenue	50,487	-
	<u>2,109,234</u>	<u>6,205,079</u>
Cash flows from capital transactions		
Acquisition of tangible capital assets	(2,751,992)	(3,566,944)
Proceeds on disposal of tangible capital assets	7,947	60,584
	<u>(2,744,045)</u>	<u>(3,506,360)</u>
Cash flows from financing activities		
Debt principal repayments	(300,911)	(291,057)
Net change in cash and cash equivalents	(935,722)	2,407,662
Opening cash and cash equivalents	5,705,279	3,297,617
Closing cash and cash equivalents (Note 3)	\$ 4,769,557	\$ 5,705,279

The Corporation of the County of Haliburton Summary of Significant Accounting Policies

December 31, 2011

Management Responsibility	These consolidated financial statements are the responsibility of the municipality's management prepared in accordance with accounting policies and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.
Basis of Accounting	The focus of these financial statements is on the financial position of the municipality and the changes thereto. The consolidated statement of financial position includes all the financial assets and liabilities of the municipality as well as non-financial assets. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Net financial assets form a part of the financial position and is the difference between financial assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations. Non-financial assets are normally used to deliver services. Their value lies with their service potential rather than their ability to generate future cash inflows. They form part of the financial position as they provide resources that the government can employ in the future to meet its objectives. The accumulated surplus is made up of the combination of net financial assets and non-financial assets.
Use of Estimates and Measurement Uncertainty	Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates, assumptions and approximations. Included in the financial statements are estimates related to tangible capital assets both in determining fair market value of contributed assets and in the amortization policies as set out in these policies.
Revenue Recognition	Revenue is reported on the accrual basis of accounting. Revenues are recognized as follows: <ul style="list-style-type: none">a) Tax revenue is recognized in the calendar year to which the tax assessment applies if the assessment is known.b) Fines and donations are recognized when collected.c) Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenses are made.

The Corporation of the County of Haliburton Summary of Significant Accounting Policies

December 31, 2011

Basis of Consolidation These consolidated financial statements reflect the assets, liabilities, revenues and expenses of all committees of Council and the following local boards which are under the control of Council:

Haliburton County Public Library Board

All interfund and inter-entity assets, liabilities, revenues and expenses have been eliminated.

Trust funds and their related operations administered by the municipality are not consolidated, but are disclosed separately in Note 2.

Tangible Capital Assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly related to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for production or use as follows:

Land improvements	15 years
Buildings	20 - 40 years
Vehicles	10 years
Machinery and equipment - heavy	20 years
Machinery and equipment - operating	10 years
Computer hardware and software	5 years
Road surface	5 - 25 years
Road base	40 years
Bridges	50 - 100 years
Culverts	35 - 75 years

Deferred Revenue Under PSAB accounting principles, obligatory reserve funds and any other externally restricted financing amounts must be reported as deferred revenue. Only the amount earned by qualifying expenditures in the current year is reflected as revenue in the Consolidated Statement of Operations.

**Cash and Cash
Equivalents** Cash and cash equivalents consist of bank balances and investments in money market instruments with maturities of three months or less, and is net of any temporary borrowings for current purposes. Composition of the balance and restricted amounts are disclosed in Note 3.

The Corporation of the County of Haliburton

Notes to Consolidated Financial Statements

December 31, 2011

1. Prior Period Correction

A prior period adjustment was made to record accrued wages that were not recorded in prior years. The correction has been applied retroactively and the impact of the changes were as follows:

	2010
<u>Statement of Financial Position</u>	
Increase in accounts payable and accrued expenses in 2010	\$ 227,363
Decrease in 2010 closing accumulated surplus	\$ (227,363)
<u>Statement of Operations</u>	
Increase in 2010 expenses	
General government	\$ 5,625
Recreational and cultural services	2,009
Decrease in 2010 annual surplus	(7,634)
Decrease in 2010 opening accumulated surplus	\$ (219,729)
<u>Statement of Change in Net Financial Assets</u>	
Increase in accounts payable and accrued expenses in 2009	\$ 219,729
Decrease in net financial assets	\$ (219,729)

2. Trust Funds

	2011	2010
Stewardship	\$ 27,623	\$ 25,181
Doctor Recruitment	6,919	3,796
	\$ 34,542	\$ 28,977

**The Corporation of the County of Haliburton
Notes to Consolidated Financial Statements**

December 31, 2011

3. Cash		<u>2011</u>	<u>2010</u>
	Unrestricted		
	Unrestricted net cash	\$ 2,938,809	\$ 668,971
	Unrestricted GIC (Market value - \$1,763,425)	1,763,425	4,934,809
	Restricted		
	Restricted cash for reserve funds	<u>67,323</u>	<u>101,499</u>
		<u>\$ 4,769,557</u>	<u>\$ 5,705,279</u>

Virtually all of the cash is on deposit at one financial institution (CIBC).

The unrestricted investments as at December 31, 2011 are GICs through a chartered bank and an investment held by Eastern Ontario Wardens Caucus Inc..

4. Accounts Receivable		<u>2011</u>	<u>2010</u>
	Unrestricted		
	Canada	\$ 430,684	\$ 576,518
	Ontario	167,584	150,478
	Other municipalities	225,602	221,414
	Other	<u>44,106</u>	<u>39,759</u>
		<u>\$ 867,976</u>	<u>\$ 988,169</u>

The Corporation of the County of Haliburton Notes to Consolidated Financial Statements

December 31, 2011

5. Employee Future Amounts Payable

The municipality provides certain employee amounts which will require funding in future periods.

a. Vacation Payable

Vacation pay owing at December 31, 2011 of \$46,700 (2010 - \$49,945) has been fully funded from operations and included in accounts payable in these financial statements.

b. Pension Agreement

The municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The municipality records as pension expense the current service cost, amortization of the past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

OMERS provides pension services to more than 419,007 active and retired members and approximately 947 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial value of the Plan was conducted at December 31, 2011. The results of this valuation disclosed total actuarial liabilities of \$64,548 million in respect of benefits accrued for service with actuarial assets at that date of \$57,258 million indicating an actuarial deficit of \$7,290 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2011 were \$362,940 (2010 - \$307,726).

The Corporation of the County of Haliburton Notes to Consolidated Financial Statements

December 31, 2011

6. Municipal Debt

	2011	2010
Total long term liabilities incurred by the County and outstanding at the end of the year, amount to	\$ 308,032	\$ 608,943

- a. The interest rate charged on debt is 3%. Future payments requiring taxation and user charge financing are summarized as follows:

Year	2012
Principal	\$ 308,032
Interest	7,014
Total payment	\$ 315,046

- b. The long-term liabilities issued in the municipality's name have been approved by by-law as required and the annual principal and interest payments required are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

- c. Total gross payments for the year to service net municipal debt are as follows:

	2011	2010
Principal payments	\$ 300,911	\$ 291,057
Interest	12,851	22,648
Gross payments	\$ 313,762	\$ 313,705

7. Accumulated Surplus

	2011	2010 Restated (see Note 1)
Internal 'current' and 'capital' funds	\$ (227,371)	\$ (98,328)
Invested in tangible capital assets (Note 11)	34,106,436	34,914,314
Municipal debt to be recovered in future (Note 6)	(308,032)	(608,943)
Reserve/reserve fund balances	4,282,938	4,578,562
	\$ 37,853,971	\$ 38,785,605

The Corporation of the County of Haliburton Notes to Consolidated Financial Statements

December 31, 2011

8. Contingent Liabilities and Commitments

a. Credit Facility Agreement

The municipality has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$2 million via an operating line. Any balance borrowed will bear interest at prime plus .25% per year. Council authorized the temporary borrowing limit for 2011 in By-Law 3408, and there was a balance owing as at December 31, 2011 of NIL (2010 - NIL).

b. Other Contingencies

In the normal course of its operations, the municipality is subject to various litigations and claims. The ultimate outcome of these claims cannot be determined at this time. However, the municipality's management believes that the ultimate disposition of these matters will not have a material adverse effect on its financial position.

9. Comparative Figures

Comparative figures have been restated to conform to current year presentation.

The Corporation of the County of Haliburton Notes to Consolidated Financial Statements

December 31, 2011

10. Budget Amounts

The 2011 Budget adopted by Council on March 23, 2011 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures treated all tangible capital expenditures as expenses and did not include amortization expense on tangible capital assets. As a result, the budget figures presented in the Statements of Operations and Change in Net Financial Assets represent the budget adopted by Council on March 23, 2011 with adjustments as follows:

	2011 budget adopted by Council	Amortization	2011 budget presented in statements
Revenue			
Taxation levied for own purposes	\$ 11,951,400	\$ -	\$ 11,951,400
User charges, licences and fines	326,450	-	326,450
Grants	3,952,400	-	3,952,400
Other	52,900	-	52,900
	<u>16,283,150</u>	-	<u>16,283,150</u>
Expenditures			
General government	2,167,900	34,200	2,202,100
Protection to persons and property	219,000	-	219,000
Transportation services	3,159,100	3,229,000	6,388,100
Health services	4,223,100	178,000	4,401,100
Social and family services	935,000	-	935,000
Social housing	1,026,800	-	1,026,800
Recreation and cultural services	670,500	80,600	751,100
Planning and development	1,281,650	5,900	1,287,550
	<u>13,683,050</u>	<u>3,527,700</u>	<u>17,210,750</u>
Annual surplus	2,600,100	(3,527,700)	<u>\$ (927,600)</u>
Capital expenditures	(3,010,300)	-	
Transfers from (to) reserve/reserve funds	711,100	-	
Debt repayment	(300,900)	-	
	<u>\$ -</u>	<u>\$ (3,527,700)</u>	
Budgeted use of prior year surplus			
Consists of:			
County of Haliburton	\$ -		
County of Haliburton Library	-		
	<u>\$ -</u>		

The Corporation of the County of Haliburton
Notes to Consolidated Financial Statements
December 31, 2011

December 31, 2011

11. Tangible Capital Assets

	General Assets						Infrastructure Assets				2011
	Land	Buildings	Equipment	Vehicles - Licensed	Vehicles - Unlicensed	Trailers - Licensed	Roads Surface	Roads Base	Bridges	Culverts	
Cost, beginning of year	\$ 818,198	\$ 1,561,888	\$ 1,770,065	\$ 2,842,174	\$ 1,689,762	\$ 39,237	\$ 34,704,670	\$ 36,675,335	\$ 2,539,675	\$ 1,526,390	\$ 84,167,394
Additions		92,895	134,170	204,070	-	12,821	2,308,036	-	-	-	2,751,992
Disposals	-	-	(161,897)	(157,878)	(79,750)	-	-	-	-	-	(399,525)
Cost, end of year	\$ 818,198	\$ 1,654,783	\$ 1,742,338	\$ 2,888,366	\$ 1,610,012	\$ 52,058	\$ 37,012,706	\$ 36,675,335	\$ 2,539,675	\$ 1,526,390	\$ 86,519,861
Accumulated Amortization, beginning of year	\$ -	\$ 623,720	\$ 858,066	\$ 1,472,904	\$ 812,947	\$ 13,564	\$ 23,833,025	\$ 19,819,398	\$ 1,338,669	\$ 480,787	\$ 49,253,080
Amortization	-	36,215	167,050	301,751	69,654	2,590	1,954,661	916,882	45,531	31,730	3,526,064
Disposals	-	-	(161,897)	(145,378)	(58,444)	-	-	-	-	-	(365,719)
Accumulated Amortization, end of year	\$ -	\$ 659,935	\$ 863,219	\$ 1,629,277	\$ 824,157	\$ 16,154	\$ 25,787,686	\$ 20,736,280	\$ 1,384,200	\$ 512,517	\$ 52,413,425
Net book value, beginning of year	\$ 818,198	\$ 938,168	\$ 911,999	\$ 1,369,270	\$ 876,815	\$ 25,673	\$ 10,871,645	\$ 16,855,937	\$ 1,201,006	\$ 1,045,603	\$ 34,914,314
Net book value, end of year	\$ 818,198	\$ 994,848	\$ 879,119	\$ 1,259,089	\$ 785,855	\$ 35,904	\$ 11,225,020	\$ 15,939,055	\$ 1,155,475	\$ 1,013,873	\$ 34,106,436

The Corporation of the County of Haliburton
Notes to Consolidated Financial Statements
December 31, 2011

December 31, 2011

11. Tangible Capital Assets (Cont'd)

	General Assets						Infrastructure Assets				2010 Restated (See Note 1)
	Land	Buildings	Equipment	Vehicles - Licensed	Vehicles - Unlicensed	Trailers - Licensed	Roads Surface	Roads Base	Bridges	Culverts	
Cost, beginning of year	\$ 406,637	\$ 1,371,743	\$ 1,654,912	\$ 2,709,495	\$ 1,689,762	\$ 34,547	\$ 32,492,546	\$ 36,675,335	\$ 2,513,170	\$ 1,470,408	\$ 81,018,555
Additions	411,561	190,145	267,787	383,150	-	19,690	2,212,124	-	26,505	55,982	3,566,944
Disposals	-	-	(152,634)	(250,471)	-	(15,000)	-	-	-	-	(418,105)
Cost, end of year	\$ 818,198	\$ 1,561,888	\$ 1,770,065	\$ 2,842,174	\$ 1,689,762	\$ 39,237	\$ 34,704,670	\$ 36,675,335	\$ 2,539,675	\$ 1,526,390	\$ 84,167,394
Accumulated Amortization, beginning of year	\$ -	\$ 591,042	\$ 849,031	\$ 1,400,461	\$ 732,531	\$ 24,802	\$ 21,842,734	\$ 18,902,514	\$ 1,290,792	\$ 449,857	\$ 46,083,764
Amortization	-	32,678	161,669	289,267	80,416	1,762	1,990,291	916,884	47,877	30,930	3,551,774
Disposals	-	-	(152,634)	(216,824)	-	(13,000)	-	-	-	-	(382,458)
Accumulated Amortization, end of year	\$ -	\$ 623,720	\$ 858,066	\$ 1,472,904	\$ 812,947	\$ 13,564	\$ 23,833,025	\$ 19,819,398	\$ 1,338,669	\$ 480,787	\$ 49,253,080
Net book value, beginning of year	\$ 406,637	\$ 780,701	\$ 805,881	\$ 1,309,034	\$ 957,231	\$ 9,745	\$ 10,649,812	\$ 17,772,821	\$ 1,222,378	\$ 1,020,551	\$ 34,934,791
Net book value, end of year	\$ 818,198	\$ 938,168	\$ 911,999	\$ 1,369,270	\$ 876,815	\$ 25,673	\$ 10,871,645	\$ 16,855,937	\$ 1,201,006	\$ 1,045,603	\$ 34,914,314

The Corporation of the County of Haliburton

Notes to Consolidated Financial Statements

December 31, 2011

11. Tangible Capital Assets (Cont'd)

Assets contributed to the County in 2011, consisting of Land, Road Network and Storm Water Network, had a fair market value of \$- (2010 - \$71,000). They have been capitalized at their fair value.

The Municipality holds various works of art and historical treasures pertaining to the heritage and history of the The Corporation of the County of Haliburton. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

12. Segmented Information

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

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. 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 and unconditional government transfers are apportioned based on each segment's share of total expenses.

The nature of the segments and the activities they encompass are as follows:

General Government

General Government revenues and expenses are related to the administration departments and activities including Council, Corporate Administration, Clerks and Finance.

Protection to Persons and Property

Protection to persons and property revenues and expenses are related to Emergency Measures.

Transportation Services

Transportation services revenues and expenses are related to Roads, Bridges and Culverts, Traffic Operations and Roadside and Winter control.

Health Services

Health services revenues and expenses are related to the operation of Ambulances.

Social and Family Services

Social and family services revenues and expenses are related to the county's share of social assistance.

Social Housing

Social housing revenues and expenses are related to the county's share of assisted housing costs.

The Corporation of the County of Haliburton Notes to Consolidated Financial Statements

December 31, 2011

Recreational and Cultural Services

Recreational and cultural services revenues and expenses are related to the library and winter games.

Planning and Development

Planning and development revenues and expenses are related to the Planning Department, Economic Development and Broadband.

The Corporation of the County of Haliburton
Notes to Consolidated Financial Statements
December 31, 2011

December 31, 2011

12. Segmented Information Continued

For the year ended December 31	General government	Protection to persons and property	Transportation services	Health services	Social and family services	Social housing	Recreational and cultural services	Planning and development	2011 Total
Revenue									
Taxation	\$ 1,501,200	\$ 136,289	\$ 4,575,941	\$ 2,867,689	\$ 635,923	\$ 678,408	\$ 808,141	\$ 737,746	\$ 11,941,337
User charges, licences and fines	139,200	735	69,569	-	-	-	197,287	159,822	566,613
Government of Canada grants	-	-	493,415	-	-	-	18,269	-	511,684
Province of Ontario grants	218,703	13,938	466,072	2,208,277	65,034	69,379	222,799	175,445	3,439,647
Investment income	56,649	-	-	-	-	-	-	-	56,649
Donations and other	-	-	-	575	51,904	-	-	1,265	53,744
Gain (loss) on disposition of assets	-	-	(21,261)	(4,598)	-	-	-	-	(25,859)
	<u>1,915,752</u>	<u>150,962</u>	<u>5,583,736</u>	<u>5,071,943</u>	<u>752,861</u>	<u>747,787</u>	<u>1,246,496</u>	<u>1,074,278</u>	<u>16,543,815</u>
Expenses									
Salaries and benefits	825,229	127,006	1,753,447	3,165,724	-	-	608,924	439,080	6,919,410
Materials, supplies and services	449,481	32,258	1,551,434	281,343	-	-	436,876	499,378	3,250,770
Contracted services	992,194	40,187	144,474	28,184	-	-	26,352	95,545	1,326,936
Interest on long-term debt	-	-	12,851	-	-	-	-	-	12,851
Amortization expense	33,721	-	3,234,416	171,842	-	-	80,205	5,880	3,526,064
Rents and financial expenses	3,715	-	-	47,721	-	-	1,600	30,264	83,300
Interfunctional adjustments	(153,500)	-	-	144,000	-	-	-	9,500	-
Transfers to other entities	46,079	-	-	357,882	930,636	992,811	28,710	-	2,356,118
	<u>2,196,919</u>	<u>199,451</u>	<u>6,696,622</u>	<u>4,196,696</u>	<u>930,636</u>	<u>992,811</u>	<u>1,182,667</u>	<u>1,079,647</u>	<u>17,475,449</u>
Accumulated surplus	<u>\$ (281,167)</u>	<u>\$ (48,489)</u>	<u>\$ (1,112,886)</u>	<u>\$ 875,247</u>	<u>\$ (177,775)</u>	<u>\$ (245,024)</u>	<u>\$ 63,829</u>	<u>\$ (5,369)</u>	<u>\$ (931,634)</u>

The Corporation of the County of Haliburton
Notes to Consolidated Financial Statements
December 31, 2011

December 31, 2011

12. Segmented Information Continued

For the year ended December 31	General government	Protection to persons and property	Transportation services	Health services	Social and family services	Social housing	Recreational and cultural services	Planning and development	2010 Total Restated (see Note1)
Revenue									
Taxation	\$ 1,363,863	\$ 137,101	\$ 4,306,966	\$ 2,723,928	\$ 986,272	\$ 615,531	\$ 541,069	\$ 825,956	\$ 11,500,686
User charges, licences and fines	134,602	440	116,359	-	-	-	85,875	194,858	532,134
Government of Canada grants	-	-	545,043	-	-	-	57,110	-	602,153
Province of Ontario grants	254,520	23,748	797,560	2,372,066	170,838	106,620	384,075	474,068	4,583,495
Investment income	26,515	-	-	-	-	-	327	-	26,842
Donations and other	-	1,335	-	17,838	9,004	-	-	-	28,177
Contributed assets	71,000	-	-	-	-	-	-	-	71,000
Gain (loss) on disposition of assets	24,937	-	-	-	-	-	-	-	24,937
	<u>1,875,437</u>	<u>162,624</u>	<u>5,765,928</u>	<u>5,113,832</u>	<u>1,166,114</u>	<u>722,151</u>	<u>1,068,456</u>	<u>1,494,882</u>	<u>17,369,424</u>
Expenses									
Salaries and benefits	746,732	124,070	1,701,587	3,057,381	-	-	517,565	435,068	6,582,403
Materials, supplies and services	449,092	41,637	1,308,180	354,733	246	-	145,199	663,235	2,962,322
Contracted services	949,352	40,864	164,754	6,827	-	-	50,526	94,691	1,307,014
Interest on long-term debt	-	-	22,647	-	-	-	-	-	22,647
Amortization expense	33,982	-	3,292,160	144,769	-	-	76,142	4,721	3,551,774
Rents and financial expenses	958	-	-	47,293	-	-	25,800	30,132	104,183
Interfunctional adjustments	(160,625)	-	-	144,000	-	-	-	16,625	-
Transfers to other entities	35,448	-	-	349,153	1,485,775	927,423	-	-	2,797,799
	<u>2,054,939</u>	<u>206,571</u>	<u>6,489,328</u>	<u>4,104,156</u>	<u>1,486,021</u>	<u>927,423</u>	<u>815,232</u>	<u>1,244,472</u>	<u>17,328,142</u>
Accumulated surplus	\$ (179,502)	\$ (43,947)	\$ (723,400)	\$ 1,009,676	\$ (319,907)	\$ (205,272)	\$ 253,224	\$ 250,410	\$ 41,282

**Haliburton County
Library Board**

December 31, 2011

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Independent Auditor's Report

To the members of the Haliburton County Library Board, Members of Council, Inhabitants and Ratepayers of the County of Haliburton

We have audited the accompanying financial statements of the Haliburton County Library Board, which comprise the statement of financial position as at December 31, 2011 and the statements of operations and change in net financial assets for the year then ended, and a summary of significant accounting policies and notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants, 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 unqualified audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Haliburton County Library Board as at December 31, 2011, and of its financial position in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.



Other Matters

The financial statements of the Haliburton County Library Board for the year ended December 31, 2010 were audited by another auditor who expressed an unmodified opinion on February 12, 2011. As part of our audit of the 2011 financial statements we also audited the adjustments described in Note 1 that were applied to amend the 2010 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2010 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2010 financial statements taken as a whole.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Lindsay, Ontario
March 14, 2012

**Haliburton County
Library Board
Statement of Financial Position**

Haliburton County	2011	2010 Restated (see Note 1)
<hr/>		
Financial assets		
Cash	\$ 400	\$ 400
Due from County of Haliburton	<u>57,276</u>	<u>73,436</u>
	57,676	73,836
Liabilities		
Accounts payable and accrued liabilities	<u>31,614</u>	<u>23,018</u>
	26,062	50,818
Net financial assets	<u>26,062</u>	<u>50,818</u>
Commitment (Note 2)		
Non-financial assets		
Tangible capital assets (Note 3)	<u>325,481</u>	<u>314,824</u>
Accumulated surplus (Note 4)	<u>\$ 351,543</u>	<u>\$ 365,642</u>

On behalf of the Board:

Chair

Treasurer

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Haliburton County
Library Board
Statement of Operations**

For the year ended December 31	Budget 2011 (Note 6)	Actual 2011	Actual 2010 Restated (see Note 1)
Revenues			
Contributions from County of Haliburton			
- operating	\$ 595,000	\$ 595,000	\$ 545,200
H.C.D.C. Grant	22,500	5,000	-
Province of Ontario grants	120,000	120,353	120,353
Southern Ontario Library Services grant	-	9,800	-
Rentals, sales and miscellaneous	13,000	14,218	12,075
Other	15,000	15,794	19,407
	<u>765,500</u>	<u>760,165</u>	<u>697,035</u>
Expenses			
Administration and general	36,400	32,663	32,477
Amortization expense	-	80,205	76,141
Automation	6,000	7,421	6,245
Library supplies	15,500	27,440	15,098
Materials	8,000	6,247	20,890
Postage, transportation, telephone	10,500	8,064	9,214
Rent	18,600	18,600	18,600
Salaries and benefits	575,500	590,316	509,358
Small capital	-	3,308	-
	<u>670,500</u>	<u>774,264</u>	<u>688,023</u>
Annual surplus (deficit)	<u>95,000</u>	<u>(14,099)</u>	<u>9,012</u>
Accumulated surplus, beginning of the year, as previously stated	365,642	365,642	370,466
Prior period adjustment (Note 1)	-	-	(13,836)
Accumulated surplus, beginning of year, restated	<u>365,642</u>	<u>365,642</u>	<u>356,630</u>
Accumulated surplus, end of year	<u>\$ 460,642</u>	<u>\$ 351,543</u>	<u>\$ 365,642</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Haliburton County
Library Board
Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2011 (Note 6)	Actual 2011	Actual 2010 Restated (see Note 1)
Annual surplus (deficit)	\$ 95,000	\$ (14,099)	\$ 9,012
Acquisition of tangible capital assets	(95,000)	(90,862)	(80,246)
Amortization of tangible capital assets	-	80,205	76,141
Net change in net financial assets	-	(24,756)	4,907
Net financial assets, beginning of year, as previously stated	-	50,818	59,747
Prior period adjustment (Note 1)	-	-	(13,836)
Net financial assets, beginning of year restated	-	50,818	45,911
Net financial assets, end of year	\$ -	\$ 26,062	\$ 50,818

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Haliburton County
Library Board**

Summary of Significant Accounting Policies

December 31, 2011

Management Responsibility

The financial statements of the Haliburton County Library Board are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting 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.

The focus of PSAB financial statements is on the financial position of the Board and the changes thereto. The Statement of Financial Position includes all the assets and liabilities of the Board. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Net financial assets form a part of the financial position and is the difference between financial assets and liabilities. This provides information about the Board's overall future revenue requirements and its ability to finance activities and meet its obligations. Non-financial assets are normally used to deliver services. Their value lies with their service potential rather than their ability to generate future cash inflows. They form part of the financial position as they provide resources that the government can employ in the future to meet its objectives. The accumulated surplus is made up of the combination of net financial assets and non-financial assets.

**Estimates and Measurement
Uncertainty**

Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment. Actual results could differ from these estimates. Significant estimates included in these financial statements are the tangible capital asset policies noted below.

**Haliburton County
Library Board**

Summary of Significant Accounting Policies

December 31, 2011

Revenue Recognition

The Library receives revenue from a variety of sources and applies the following recognition policies:

- a) Grants and contributions received for operating expenses and tangible capital assets are recognized as revenue in the year in which the related expenses are incurred.
- b) Fee and fine revenue is recognized when the cash is collected.
- c) Revenue from donations and fundraising events is recognized when the cash is collected.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly related to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for production or use as follows:

Books	7 years
Computers	5 years

Haliburton County
Library Board
Notes to Financial Statements

December 31, 2011

1. Prior Period Adjustment

A prior period adjustment was made to record accrued wages that were not recorded in prior years. The correction has been applied retroactively and the impact of the changes were as follows:

	<u>2010</u>
<u>Statement of Financial Position</u>	
Increase in accounts payable and accrued liabilities	\$ 15,845
Decrease in accumulated surplus	<u>\$ (15,845)</u>
<u>Statement of Operations</u>	
Increase in salaries and benefits	\$ 2,009
Decrease in annual surplus	<u>\$ (2,009)</u>
Decrease in opening accumulated surplus	<u>\$ (13,836)</u>
<u>Statement of Change in Net Financial Assets</u>	
Increase in accounts payable and accrued expenses in 2009	\$ 13,836
Decrease in net financial assets	<u>\$ (13,836)</u>

2. Commitment

The library has entered into a five year tenant lease agreement with Dysart for the administration office attached to the Haliburton branch. Annual payments are \$13,600 for rent and \$5,000 for general improvements. The lease expires December 2014.

Haliburton County
Public Library Board
Notes to Financial Statements

December 31, 2011

3. Tangible Capital Assets

	Books	Computers	2011
Cost beginning of year	\$ 595,825	\$ 70,937	\$ 666,762
Additions during the year	90,862	-	90,862
Disposals during the year	(115,343)	(13,112)	(128,455)
Cost end of the year	<u>\$ 571,344</u>	<u>\$ 57,825</u>	<u>\$ 629,169</u>
Accumulated amortization beginning of year	\$ 311,160	\$ 40,778	\$ 351,938
Amortization expense	68,640	11,565	80,205
Accumulated amortization of disposals	(115,343)	(13,112)	(128,455)
Accumulated amortization end of year	<u>\$ 264,457</u>	<u>\$ 39,231</u>	<u>\$ 303,688</u>
Net book value beginning of year	<u>\$ 284,665</u>	<u>\$ 30,159</u>	<u>\$ 314,824</u>
Net book value end of year	<u>\$ 306,887</u>	<u>\$ 18,594</u>	<u>\$ 325,481</u>
	Books	Computers	2010
Cost beginning of year	\$ 518,993	\$ 67,523	\$ 586,516
Additions during the year	76,832	3,414	80,246
Cost end of the year	<u>\$ 595,825</u>	<u>\$ 70,937</u>	<u>\$ 666,762</u>
Accumulated amortization beginning of year	\$ 247,450	\$ 28,347	\$ 275,797
Amortization expense	63,710	12,431	76,141
Accumulated amortization end of year	<u>\$ 311,160</u>	<u>\$ 40,778</u>	<u>\$ 351,938</u>
Net book value beginning of year	<u>\$ 271,543</u>	<u>\$ 39,176</u>	<u>\$ 310,719</u>
Net book value end of year	<u>\$ 284,665</u>	<u>\$ 30,159</u>	<u>\$ 314,824</u>

**Haliburton County
Public Library Board
Notes to Financial Statements**

December 31, 2011

4. Accumulated Surplus	2011	2010 Restated (see Note 1)
Reserve	\$ 24,859	\$ 49,615
Invested in tangible capital assets	325,481	314,824
Other	1,203	1,203
	<u>\$ 351,543</u>	<u>\$ 365,642</u>

5. Pension Agreement

The Library Board is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The OMERS Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Library Board has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Library Board records as pension expense the current service cost, amortization of the past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

OMERS provides pension services to more than 419,007 active and retired members and approximately 947 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial value of the Plan was conducted at December 31, 2011. The results of this valuation disclosed total actuarial liabilities of \$64,548 million in respect of benefits accrued for service with actuarial assets at that date of \$57,258 million indicating an actuarial deficit of \$7,290 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Library Board does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Library Board to OMERS for 2011 were \$18,909 (2010 - \$12,079).

**Haliburton County
Public Library Board
Notes to Financial Statements**

December 31, 2011

6. Budget Figures

The budget adopted by the Library Board on March 9, 2011 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budget adopted by the Library Board on March 9, 2011 with adjustments as follows:

	<u>2011</u>
Balanced budget for the year	\$ -
Add:	
Capital expenditures	<u>95,000</u>
Budget surplus per statement of operations	<u>\$ 95,000</u>

7. Statement of Cash Flows

A Statement of Cash Flows is not presented since the cash flow information is readily apparent from other financial statements.

8. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.