

**CORPORATION OF THE MUNICIPALITY  
OF TWEED**

**CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2010**

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Council,  
of the **Corporation of the  
Municipality of Tweed**

We have audited the accompanying consolidated financial statements of the **CORPORATION OF THE MUNICIPALITY OF TWEED** which comprise the balance sheet at December 31, 2010 and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of 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 consolidated 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 Corporation'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 Corporation'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 **CORPORATION OF THE MUNICIPALITY OF TWEED** as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Belleville, Ontario  
October 25, 2011

*Welch LLP*  
CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>FINANCIAL ASSETS</b>		
Cash - <i>note 3</i>	\$ 645,167	\$ 2,997,850
Taxes receivable	955,911	1,005,352
Accounts receivable	1,955,373	811,811
Long-term receivable - <i>note 4</i>	<u>52,086</u>	<u>46,835</u>
	<u>3,608,537</u>	<u>4,861,848</u>
 <b>LIABILITIES</b>		
Accounts payable and accrued liabilities	389,046	139,242
Accrued liability - Waste Disposal closure - <i>note 5</i>	300,000	300,000
Deferred revenue	69,996	5,609
Long-term debt - <i>note 6</i>	<u>37,187</u>	<u>36,798</u>
	<u>796,229</u>	<u>481,649</u>
 <b>NET FINANCIAL ASSETS</b>	 2,812,308	 4,380,199
 <b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - <i>note 1, schedule 1</i>	<u>26,357,623</u>	<u>20,919,105</u>
 <b>ACCUMULATED SURPLUS - <i>note 8</i></b>	 <u>\$ 29,169,931</u>	 <u>\$ 25,299,304</u>

Approved by Council:

*Jo Anne Albert* Reeve  
*Patricia L. Bergeron* CAO/Clerk

(See accompanying notes)

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**CONSOLIDATED STATEMENT OF FINANCIAL OPERATIONS AND**  
**ACCUMULATED SURPLUS**  
**YEAR ENDED DECEMBER 31, 2010**

	2010 <u>Budget</u> <i>(unaudited)</i>	2010 <u>Actual</u>	2009 <u>Actual</u>
<b>REVENUE</b>			
Municipal taxation	\$ 2,552,803	\$ 2,569,313	\$ 2,121,872
Taxation from other governments	24,300	24,901	25,696
Grants	2,241,075	2,280,303	2,417,590
User charges	882,865	901,302	870,471
Investment income	42,000	47,994	22,082
Penalty and interest on taxes	116,000	127,332	121,431
Other	66,685	81,898	425,241
	<u>5,925,728</u>	<u>6,033,043</u>	<u>6,004,383</u>
<b>EXPENDITURE</b>			
General government	800,996	769,661	811,110
Protection to persons and property	1,160,984	1,152,710	1,164,662
Transportation services	3,271,477	3,128,534	2,644,012
Environmental services	825,654	985,184	760,427
Recreation and cultural services	540,892	623,337	437,938
Planning and development	1,769	1,586	660
	<u>6,601,772</u>	<u>6,661,012</u>	<u>5,818,809</u>
<b>NET EXPENDITURES</b>	<u>(676,044)</u>	<u>(627,969)</u>	<u>185,574</u>
<b>OTHER INCOME AND EXPENSES RELATED TO CAPITAL</b>			
Municipal taxation for capital purposes	812,046	812,046	1,148,901
Government transfers:			
Canada	2,467,088	1,777,608	271,190
Ontario	2,467,088	1,777,608	271,190
Donations	200,000	131,334	-
	<u>5,946,222</u>	<u>4,498,596</u>	<u>1,691,281</u>
<b>ANNUAL SURPLUS</b>	5,270,178	3,870,627	1,876,855
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>25,299,304</u>	<u>25,299,304</u>	<u>23,422,449</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u><u>\$30,569,482</u></u>	<u><u>\$29,169,931</u></u>	<u><u>\$25,299,304</u></u>

*(See accompanying notes)*

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**DECEMBER 31, 2010**

	2010 <u>Budget</u> <i>(unaudited)</i>	2010 <u>Actual</u>	2009 <u>Actual</u>
<b>ANNUAL SURPLUS</b>	\$ 5,270,178	\$ 3,870,627	\$ 1,876,855
Amortization of tangible capital assets	1,867,851	1,867,851	1,216,311
Acquisition of tangible capital assets	<u>(9,029,993)</u>	<u>(7,306,369)</u>	<u>(2,541,192)</u>
<b>CHANGE IN NET ASSETS</b>	(1,891,964)	(1,567,891)	551,974
<b>NET FINANCIAL ASSETS, beginning of year</b>	<u>4,380,199</u>	<u>4,380,199</u>	<u>3,828,225</u>
<b>NET FINANCIAL ASSETS, end of year</b>	<u><u>\$ 2,488,235</u></u>	<u><u>\$ 2,812,308</u></u>	<u><u>\$ 4,380,199</u></u>

*(See accompanying notes)*

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2010**

	2010 <u>Actual</u>	2009 <u>Actual</u>
<b>OPERATING</b>		
Annual surplus	\$ 3,870,627	\$ 1,876,855
Non-cash charges to operations:		
Amortization	1,867,851	1,216,311
Changes in:		
Taxes receivable	49,441	(175,265)
Accounts receivable	(1,143,562)	(197,861)
Long-term receivables	(5,251)	17,991
Accounts payable and accrued liabilities	249,804	(273,317)
Deferred revenue	64,387	(213,995)
	<u>4,953,297</u>	<u>2,250,719</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	<u>(7,306,369)</u>	<u>(2,541,192)</u>
<b>FINANCING</b>		
Proceeds from long-term debt	23,000	-
Repayment of long-term debt	<u>(22,611)</u>	<u>(27,369)</u>
	<u>389</u>	<u>(27,369)</u>
<b>NET CHANGE IN CASH AND EQUIVALENTS</b>	(2,352,683)	(317,842)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>2,997,850</u>	<u>3,315,692</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 645,167</u>	<u>\$ 2,997,850</u>

*(See accompanying notes)*

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

The Corporation of the Municipality of Tweed is a municipality in the Province of Ontario and operated under the provisions of the Ontario Municipal Act.

**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Corporation of the Municipality of Tweed are the representation of management prepared in accordance with accounting policies prescribed for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Corporation are as follows:

**Reporting Entity**

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

The Corporation of the Municipality of Tweed Public Library Board

Interdepartmental and organizational transactions and balances are eliminated.

**Accounting for County and School Board Transactions**

The assets, liabilities, revenues, and expenditures with respect to the operations of school boards and the County of Hastings are not reflected in these consolidated financial statements.

**Trust Funds**

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

**Basis of Accounting**

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of a receipt of goods or services and a creation of a legal obligation to pay.

**Deferred Revenue**

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

**Reserves and Reserve Funds**

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



**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

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

**Government Transfers**

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

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting policies for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Taxation and Related Revenues**

Property tax billings are prepared by the Corporation based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council incorporating amounts to be raised for local services and amounts the Corporation is required to collect on behalf of Hastings County for general and library purposes and the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued. A normal part of the assessment process is the issue of supplementary assessment rolls that provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Corporation determines the taxes applicable and renders supplementary tax billings. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the county and school boards as appropriate.

**Non-Financial Assets**

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

**Tangible Capital Assets**

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

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

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

**Tangible Capital Assets**

**a) Asset Categories and Estimated Useful Life**

Land	- not amortized
Buildings	- 40 to 50 years
Vehicles	- 5 to 10 years
Equipment	- 4 to 20 years
Transportation	
Bridges and other structures	- 20 to 75 years
Roads	- 10 to 70 years
Sidewalks	- 40 years
Waste and wastewater networks	
Underground networks	- 50 years

A full year of amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time the costs are transferred to the appropriate asset category.

**(b) Contribution of Tangible Capital Assets**

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

**2. FINANCIAL INSTRUMENTS**

The Corporation's financial instruments consist of cash, taxes receivable, accounts receivable, long-term receivable, accounts payable and accrued liabilities and long-term debt. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

**3. CASH**

The balance of cash consists of the following:

	<u>2010</u>	<u>2009</u>
Undesignated cash	\$ 536,896	\$ 2,318,088
Designated under Federal gas tax agreement	61,727	664,916
Designated under the Planning Act - Parkland	46,544	14,846
	<u>\$ 645,167</u>	<u>\$ 2,997,850</u>

Cash received under the Federal Gas Tax agreement is restricted for expenditures on environmentally sustainable infrastructure.

Cash raised under the Planning Act regarding Parkland is restricted for capital costs for the acquisition of land or other capital expenditures for park or other recreational purposes.

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

3. **CASH (continued)**

Cash received under deferred revenue is restricted for capital costs for water services and other recreational facilities.

4. **LONG-TERM RECEIVABLE**

The balance of long-term receivable consists of the following:

	<u>2010</u>	<u>2009</u>
<b>MORTGAGE RECEIVABLE</b>		
due January 15, 2018; repayable in monthly instalments of principal and interest in the amount of \$857. Interest is calculated at the prime lending rate as established by the Bank of Montreal plus 1%. The mortgage is secured by the property located at 13 Bridgewater Road, Actinolite, Ontario	\$ 22,480	\$ 38,453
Tile drainage and shore-line property assistance loans receivable	<u>29,606</u>	<u>8,382</u>
	<u>\$ 52,086</u>	<u>\$ 46,835</u>

5. **ACCRUED LIABILITY - WASTE DISPOSAL CLOSURE**

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

6. **LONG-TERM DEBT**

The balance of long-term debt consists of the following:

	<u>2010</u>	<u>2009</u>
Debentures	\$ 29,606	\$ 8,382
Lien notes payable - Chrysler Financial and GMAC; repayable in monthly instalments of principal and interest of \$2,214. Interest is calculated at rates of 0% - 1.9% and the notes are secured by specific automotive units.	<u>7,581</u>	<u>28,416</u>
	<u>\$ 37,187</u>	<u>\$ 36,798</u>

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

**6. LONG-TERM DEBT (continued)**

Outstanding debentures of \$29,606 (2009 - \$8,382) are recoverable through special charges levied directly on ratepayers. Outstanding debentures have a maturity date of July 1, 2020, bearing interest at 6.6%.

Principal repayments over the next five years are estimated to be as follows:

2011	\$ 13,018
2012	4,484
2013	4,484
2014	4,484
2015	4,484

**7. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS**

Further to note 1, the taxation, other revenues and expenditures of school boards and the County of Hastings are comprised of the following:

	<u>2010</u>		<u>2009</u>	
	<u>School Boards</u>	<u>County</u>	<u>School Boards</u>	<u>County</u>
Taxation	\$ 1,253,003	\$ 1,336,232	\$ 1,085,237	\$ 1,302,263
Taxation from other governments	<u>5,143</u>	<u>10,094</u>	<u>5,275</u>	<u>10,655</u>
Amounts received or receivable	1,258,146	1,346,326	1,090,512	1,312,918
Requisition	<u>1,258,146</u>	<u>1,346,326</u>	<u>1,090,512</u>	<u>1,312,918</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**8. ACCUMULATED SURPLUS**

The accumulated surplus position is comprised of the following:

	<u>2010</u>	<u>2009</u>
Equity in tangible capital assets	\$ 26,357,623	\$ 20,919,105
Less: related debt	<u>(7,581)</u>	<u>(28,416)</u>
	26,350,042	20,890,689
Reserves and reserve funds - <i>schedule 2</i>	2,724,177	4,513,192
Amounts to be recovered		
Landfill closure and post closure costs	(300,000)	(300,000)
Unrestricted surplus (deficit)		
Municipality of Tweed	378,128	172,506
Municipality of Tweed Public Library Board	<u>17,584</u>	<u>22,917</u>
	<u>\$ 29,169,931</u>	<u>\$ 25,299,304</u>

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

**9. SEGMENTED INFORMATION**

Municipal services are provided by departments. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

**General Government**

General government is comprised of council, chief administrative office (CAO/Clerk) department, and Treasury department. A municipal council is the ultimate authority, subject to provincial law, for all actions taken on behalf of the municipal corporation in that it exercises both executive and legislative roles. It fulfills its role by making policies in accordance with the wishes and concerns of the general public, subject to provincial laws, policies and directives. Council plays a managerial role by monitoring ongoing administrative performance and ensuring the best care of resources. The CAO/Clerk is responsible to municipal council for the general control and management of the affairs of the municipality as prescribed by municipal council. The CAO/Clerk, as head of the corporation's civic administration, provides leadership and direction to the Senior Management team, co-ordinates the administrative functions of the Corporation and exercises general management and control of Municipal operations. The CAO/Clerk ensures coordinated responsive services are delivered to the Municipality's residents and businesses in accordance with the approved policies and directions along with providing the following services: birth and death registrations, marriage, lottery and taxi licensing, commissioning oaths, Municipal by-laws and minutes. The Treasury department is responsible for the administration of taxes, accounts payable and receivable, financial statements and all other financial information and reporting for the Municipality.

**Protection to Persons and Property**

Protection to persons and property is comprised of police services, fire services, and by-law enforcement. Police services are provided by the Ontario Provincial Police whose mandate is the safety of lives and property of citizens to, preserve peace and good order, prevent crimes from occurring, detect offenders and enforce the law. Fire Services are provided to the Municipality by volunteer firefighters. By-law enforcement is committed to serve, protect and provide a desired quality of life for citizens and visitors to the Municipality through education to raise awareness of community standards, and enforcement of Municipal by-laws to ensure timely compliance with a professional, unbiased approach.

**Transportation Services**

The public works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, storm water management and street lighting.

**Environmental Services**

The Municipality contracts with Dave Moore & Sons for the collection and disposal of household and commercial solid waste within the village of Tweed. The Municipality contracts with Quinte Waste Solutions for the collection of household recycling. The Municipality owns and operates two landfill sites within the Municipal limits. The Municipality contracts with Ontario Clean Water Agency for the management of municipal drinking water and sanitary sewer systems.

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

**10. SEGMENTED INFORMATION (continued)**

**Recreation and Cultural Services**

The Parks and Recreation department is a social service with its purpose: to assist individual and community development to enhance social functioning and to improve the quality of life. The Parks and Recreation department provides accessible recreational programs including aquatics, minor ball and skating and operates Municipal facilities, including community halls, arenas, parks, ball diamonds and soccer fields.

**Planning and Development**

The Municipality of Tweed, the Township of Stirling-Rawdon, the Town of Deseronto and the Township of Tyendinaga have entered into an agreement for joint building services. The joint building services agreement came into effect April 1, 2005. Building services is responsible for all economic development, building and planning matters, including the issuance of building permits, land severance and minor variance applications, applications for official plan amendments and zoning by-law amendments, site plan control and subdivision matters and property standards inspections.

**Tweed Public Library**

Tweed Public Library contributes towards the information needs of the Municipality's citizens through the provision of library services.

**10. PENSION AGREEMENTS**

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf 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 rate of pay.

The amount contributed to OMERS for 2010 was \$50,872 (2009 - \$55,623) for current service and is included as an expenditure on the "Consolidated Statement of Financial Operations".

**11. BUDGET FIGURES**

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

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**SCHEDULE 1 - CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS**  
**DECEMBER 31, 2010**

	GENERAL						INFRASTRUCTURE					TOTALS
	Land	Buildings	Vehicles	Equipment	Other	Assets Under Construction	Plants and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	2010	
<b>COST</b>												
Balance, beginning of year	\$ 1,298,268	\$ 2,535,416	\$ 2,132,896	\$ 1,185,219	\$ 175,004	\$ 3,344	\$ 2,651,737	\$ 16,189,800	\$ 3,214,685	\$ 7,133,000	\$ 36,519,369	
Additions during year	381,830	1,422,324	149,789	71,153	42,499	108,339	-	2,716,182	1,556,619	860,977	7,309,712	
Deposits during year	-	230,658	129,494	32,175	15,250	3,344	-	523,939	22,063	5,442	963,465	
Balance, end of year	1,680,098	3,727,082	2,152,191	1,224,197	201,753	108,339	2,651,737	18,382,043	4,748,641	7,988,535	42,865,616	
<b>ACCUMULATED AMORTIZATION</b>												
Balance, beginning of year	-	1,032,636	1,126,347	491,389	70,754	-	862,850	9,758,824	748,869	1,508,595	15,600,264	
Amortization during year	24,235	95,115	168,975	72,304	26,679	-	88,391	1,172,556	88,713	131,082	1,867,850	
Accumulated amortization on disposals	-	238,658	129,494	32,175	15,750	-	-	523,939	22,663	5,442	960,121	
Balance, end of year	24,235	897,093	1,165,828	591,518	81,683	-	951,241	10,407,241	814,919	1,634,235	16,507,993	
<b>Net Book Value of Tangible Capital Assets</b>	<b>\$ 1,655,863</b>	<b>\$ 2,829,989</b>	<b>\$ 986,363</b>	<b>\$ 692,679</b>	<b>\$ 120,070</b>	<b>\$ 108,339</b>	<b>\$ 1,700,496</b>	<b>\$ 7,974,802</b>	<b>\$ 3,933,722</b>	<b>\$ 6,354,300</b>	<b>\$ 26,357,623</b>	
<b>December 31, 2009</b>												
	GENERAL						INFRASTRUCTURE					TOTALS
	Land	Buildings	Vehicles	Equipment	Other	Assets Under Construction	Plants and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	2009	
<b>COST</b>												
Balance, beginning of year	\$ 1,159,712	\$ 1,842,674	\$ 2,116,893	\$ 1,141,208	\$ 133,401	\$ -	\$ 2,651,737	\$ 15,055,503	\$ 2,921,849	\$ 6,955,199	\$ 33,978,176	
Additions during year	138,556	692,742	16,003	44,011	41,603	3,344	-	1,134,297	292,836	177,801	2,541,193	
Deposits during year	-	-	-	-	-	-	-	-	-	-	-	
Balance, end of year	1,298,268	2,535,416	2,132,896	1,185,219	175,004	3,344	2,651,737	16,189,800	3,214,685	7,133,000	36,519,369	
<b>ACCUMULATED AMORTIZATION</b>												
Balance, beginning of year	-	980,208	974,278	429,413	55,205	-	774,458	9,082,562	694,933	1,392,895	14,383,952	
Amortization during year	-	52,428	152,069	61,976	15,549	-	88,392	676,262	53,936	115,700	1,216,312	
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	-	-	-	
Balance, end of year	-	1,032,636	1,126,347	491,389	70,754	-	862,850	9,758,824	748,869	1,508,595	15,600,264	
<b>Net Book Value of Tangible Capital Assets</b>	<b>\$ 1,298,268</b>	<b>\$ 1,502,780</b>	<b>\$ 1,006,549</b>	<b>\$ 693,830</b>	<b>\$ 104,250</b>	<b>\$ 3,344</b>	<b>\$ 1,788,887</b>	<b>\$ 6,430,976</b>	<b>\$ 2,465,816</b>	<b>\$ 5,624,405</b>	<b>\$ 20,919,105</b>	

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**SCHEDULE 2 - CONSOLIDATED SCHEDULE OF CONTINUITY OF RESERVES AND RESERVE FUNDS**  
December 31, 2010

	Revenue Contributions				Transfers			Balance, End of Year
	Balance, beginning of year	Interest on Reserve Funds	From Operations	Total	To Operations	To Capital Acquisitions	Total	
<b>Reserve Funds</b>								
Waste Site reclamation	\$ 702,295	\$ 18,889	\$ 111,853	\$ 833,037	\$ -	\$ 106,900	\$ 106,900	\$ 726,137
Roads	56,048	318	9,798	66,164	-	-	-	66,164
Park lands	14,846	1,169	30,529	46,544	-	-	-	46,544
Village infrastructure	594,165	1,333	-	595,498	-	425,000	425,000	170,498
Gas tax	664,916	2,989	317,837	985,742	-	924,015	924,015	61,727
Library	32,316	120	-	32,436	-	32,436	32,436	-
	2,064,586	24,818	470,017	2,559,421	-	1,488,351	1,488,351	1,071,070
<b>Reserves</b>								
Capital asset acquisition	264,803	-	-	264,803	-	-	-	264,803
Working capital	685,196	-	-	685,196	-	419,000	419,000	266,196
Contingencies	150,000	-	-	150,000	-	-	-	150,000
Roads	25,000	-	-	25,000	-	-	-	25,000
Water and sewer	250,000	-	93,000	343,000	-	-	-	343,000
Municipal building expenditure	12,321	-	-	12,321	-	-	-	12,321
Capital acquisitions - Fire	106,600	-	60,000	166,600	-	108,300	108,300	58,300
Capital acquisitions - Arena	27,300	-	2,500	29,800	-	16,000	16,000	13,800
Fire	3,799	-	-	3,799	-	3,799	3,799	-
Fire - Equipment Maintenance	-	-	20,000	20,000	-	-	-	20,000
Heritage	30,000	-	-	30,000	-	-	-	30,000
Library	50,000	-	-	50,000	-	50,000	50,000	-
Pool	30,000	-	-	30,000	-	30,000	30,000	-
Hamlets	15,020	-	-	15,020	-	3,400	3,400	11,620
Parks	9,400	-	1,000	10,400	-	-	-	10,400
Public works - Equipment	150,000	-	185,500	335,500	-	150,000	150,000	185,500
Public works - Winter Maintenance	-	-	50,000	50,000	-	-	-	50,000
Public works - Bridges	-	-	50,000	50,000	-	-	-	50,000
Transportation - Clement's Bridge	359,167	-	-	359,167	-	197,000	197,000	162,167
Library - building	104,166	-	-	104,166	-	104,166	104,166	-
Transportation - Marbank road	175,834	-	-	175,834	-	175,834	175,834	-
	2,448,606	-	462,000	2,910,606	-	1,257,499	1,257,499	1,653,107
Total	\$ 4,513,192	\$ 24,818	\$ 932,017	\$ 5,470,027	\$ -	\$ 2,745,850	\$ 2,745,850	\$ 2,724,177



CORPORATION OF THE MUNICIPALITY OF TWEED

SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF OPERATIONS

DECEMBER 31, 2010 BUDGET

REVENUES	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	RECREATION AND CULTURAL SERVICES	PLANNING AND DEVELOPMENT	TWEED PUBLIC LIBRARY BOARD	ELIMINATIONS	CONSOLIDATED
Municipal Taxation									
Taxation from other governments	\$ (473,106)	\$ 932,826	\$ 1,792,383	\$ 32,640	\$ 266,291	\$ 1,789	\$ -	\$ -	\$ 2,552,803
Government Transfers	24,300	-	-	-	-	-	-	-	24,300
Province of Ontario	307,994	-	-	-	1,000	-	1,232	-	310,226
Other Municipalities	1,539,000	154,300	-	40,000	180,000	-	17,549	-	1,930,849
User charges	24,500	-	20,000	-	-	-	73,440	(73,440)	-
Investment Income	42,000	4,000	-	704,100	126,700	-	1,565	(6,000)	874,865
Penalty and Interest on taxes	116,000	-	-	-	-	-	-	-	42,000
Development charges	-	-	-	-	-	-	-	-	116,000
Donations	-	-	-	-	-	-	3,430	-	-
Miscellaneous	52,200	6,000	-	-	-	-	6,055	-	63,255
	1,632,886	1,097,126	1,812,383	776,740	573,991	1,769	102,271	(73,440)	5,917,728

CURRENT - EXPENDITURES	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	RECREATION AND CULTURAL SERVICES	PLANNING AND DEVELOPMENT	TWEED PUBLIC LIBRARY BOARD	ELIMINATIONS	CONSOLIDATED
Salaries wages and employee benefits	422,729	131,837	691,323	183,650	172,500	-	79,183	-	1,681,222
Interest on long-term debt	-	-	-	-	-	569	-	-	569
Materials and Supplies	357,160	126,493	933,043	182,284	148,051	1,200	17,088	-	1,765,319
Contracted services and general services	-	838,796	188,016	260,000	-	-	-	-	1,286,812
Rents and Financial Expenses	-	-	-	-	-	-	6,000	(6,000)	-
External Transfers	-	-	-	-	-	-	-	(73,440)	-
Amortization	21,107	63,858	1,459,095	199,720	84,517	-	39,553	-	1,867,850
	800,996	1,180,984	3,271,477	825,654	478,508	1,769	141,824	(73,440)	6,601,772
	\$ 831,892	\$ (63,858)	\$ (1,459,094)	\$ (48,914)	\$ 95,483	\$ -	\$ (39,553)	\$ -	\$ (684,044)

CORPORATION OF THE MUNICIPALITY OF TWEED  
SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF OPERATIONS  
DECEMBER 31, 2010 ACTUAL

	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	RECREATION AND CULTURAL SERVICES	PLANNING AND DEVELOPMENT	TWEED PUBLIC LIBRARY BOARD	ELIMINATIONS	CONSOLIDATED
REVENUES									
Municipal taxation	\$ (455,588)	\$ 932,826	\$ 1,792,225	\$ 31,790	\$ 286,291	\$ 1,789	\$ -	\$ -	\$ 2,569,313
Taxation from other governments	24,901	-	-	-	-	-	-	-	24,901
Government Transfers									
Government of Canada	308,976	-	-	-	1,000	-	1,232	-	311,208
Province of Ontario	1,539,000	154,300	-	40,000	204,027	-	31,768	-	1,969,095
Other municipalities	-	-	-	-	-	-	73,440	(73,440)	-
User charges	15,390	12,235	23,311	702,611	152,833	-	922	(6,000)	901,302
Investment Income	47,094	-	-	-	-	569	331	-	47,994
Penalty and interest on taxes	127,332	-	-	-	-	-	2,719	-	127,332
Donations	-	-	-	-	-	-	-	-	-
Miscellaneous	58,819	6,797	-	-	25	-	13,538	-	79,179
	1,655,924	1,106,158	1,815,536	774,401	624,176	2,338	123,950	(79,440)	6,033,043
CURRENT - EXPENDITURES									
Salaries wages and employee benefits	429,418	148,603	656,893	184,067	188,509	-	83,730	-	1,699,220
Interest on long-term debt	-	-	-	-	-	569	-	-	569
Materials and Supplies	319,136	90,039	856,073	278,121	293,003	1,017	9,465	(73,440)	1,773,414
Contracted services and general services	-	809,855	156,473	323,276	-	-	-	(6,000)	1,289,604
Rents and Financial Expenses	-	-	-	-	-	-	6,000	-	-
External Transfers	-	40,355	-	-	-	-	-	-	40,355
Interfunctional adjustments	-	-	-	-	-	-	-	-	-
Amortization	21,107	63,858	1,459,095	199,720	84,517	-	39,553	-	1,867,850
	769,661	1,152,710	3,128,534	985,184	564,029	1,586	138,748	(79,440)	6,561,012
	\$ 896,263	\$ (46,552)	\$ (1,312,998)	\$ (210,783)	\$ 60,147	\$ 752	\$ (14,798)	\$ -	\$ (627,969)

CORPORATION OF THE MUNICIPALITY OF TWEED  
SCHEDULE 3 - CONSOLIDATED SEGMENTED STATEMENT OF OPERATIONS  
DECEMBER 31, 2009 ACTUAL

	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	RECREATION AND CULTURAL SERVICES	PLANNING AND DEVELOPMENT	TWEED PUBLIC LIBRARY BOARD	ELIMINATIONS	CONSOLIDATED
REVENUES									
Municipal taxation	\$ (655,189)	\$ 889,525	\$ 1,650,134	\$ (9,373)	\$ 252,075	\$ (5,300)	\$ -	\$ -	\$ 2,121,872
Taxation from other governments	29,696	-	-	-	-	-	-	-	29,696
Government Transfers									
Government of Canada	1,368	-	270,269	-	53,333	-	1,140	-	326,110
Province of Ontario	1,600,400	138,200	87,917	40,000	65,858	-	13,176	-	1,945,551
Other municipalities	-	-	145,929	-	-	-	72,000	(72,000)	145,929
User charges	6,000	4,000	64,486	644,042	157,302	-	641	(6,000)	870,471
Investment income	20,486	-	-	-	-	652	944	-	22,082
Penalty and interest on taxes	121,431	-	-	-	288,944	-	5,257	-	121,431
Donations	-	-	-	-	1,773	11,785	3,981	-	274,201
Miscellaneous	122,508	5,935	-	5,058	-	-	-	-	151,040
	1,242,700	1,037,660	2,218,735	679,727	799,285	7,137	97,139	(79,000)	6,004,383
CURRENT - EXPENDITURES									
Salaries wages and employee benefits	405,535	134,748	632,726	180,486	167,285	-	80,889	-	1,501,669
Interest on long-term debt	-	-	223	-	-	652	-	-	875
Materials and Supplies	392,156	128,547	1,045,501	177,288	206,146	660	8,806	(72,000)	1,887,104
Contracted services and general services	-	838,986	35,194	238,661	-	-	-	-	1,112,851
Rents and Financial Expenses	-	-	-	-	-	-	6,000	(6,000)	-
External Transfers	-	-	-	-	-	-	-	-	-
Interfunctional adjustments	-	-	-	-	-	-	-	-	-
Amortization	13,419	61,719	930,388	163,992	35,097	-	11,715	-	1,216,310
	811,110	1,164,010	2,644,012	760,427	408,528	1,312	107,410	(78,000)	5,818,809
	\$ 431,590	\$ (126,350)	\$ (425,277)	\$ (80,700)	\$ 390,767	\$ 5,825	\$ (10,271)	\$ -	\$ 185,574

**CORPORATION OF THE MUNICIPALITY OF TWEED**

**SCHEDULE 4 - CONSOLIDATED SCHEDULE OF RECONCILIATION OF FINANCIAL PLAN TO THE BUDGET**

**YEAR ENDED DECEMBER 31, 2010**

	OPERATING BUDGET	CAPITAL BUDGET	RESERVES AND RESERVE FUNDS	TANGIBLE CAPITAL ASSET ADJUSTMENTS	TWEED PUBLIC LIBRARY BOARD	ELIMINATIONS	PSAB BUDGET
<b>REVENUES</b>							
Municipal Taxation	\$ 2,552,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,552,803
Taxation from other governments	24,300	-	-	-	-	-	24,300
Government transfers							
Canada	308,994	-	-	-	1,232	-	310,226
Ontario	1,913,300	-	-	-	17,549	-	1,930,849
Other Municipal					73,440	(73,440.00)	-
User fees and sale of goods and services	879,300	-	-	-	1,565	(6,000.00)	874,865
Investment income	42,000	-	-	-	-	-	42,000
Penalty and interest on taxes	116,000	-	-	-	-	-	116,000
Development charges	-	-	-	-	-	-	-
Donations	-	-	-	-	3,430	-	3,430
Miscellaneous	58,200	-	-	-	5,065	-	63,265
	<u>5,894,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,271</u>	<u>(79,440.00)</u>	<u>5,917,728</u>
<b>EXPENDITURES</b>							
Current							
General government	779,889	-	-	21,107	-	-	800,996
Protection services	1,097,126	-	-	63,858	-	-	1,160,984
Transportation services	1,812,383	-	-	1,459,094	-	-	3,271,477
Environmental services	625,933	-	-	199,721	-	-	825,654
Recreation and cultural services	393,990	-	-	124,071	102,271	(79,440.00)	540,892
Planning and development	1,789	-	-	-	-	-	1,789
Capital							
General government	-	115,000	-	115,000	-	-	-
Protection services	-	27,472	-	27,472	-	-	-
Transportation services	-	6,410,899	-	6,410,899	-	-	-
Environmental services	-	561,368	-	561,368	-	-	-
Recreation and cultural services	-	1,751,254	-	1,751,254	-	-	-
	<u>4,711,090</u>	<u>8,865,933</u>	<u>-</u>	<u>6,998,142</u>	<u>102,271</u>	<u>(79,440.00)</u>	<u>6,601,772</u>
<b>NET REVENUES (EXPENDITURES)</b>	1,183,807	(8,865,993)	-	6,998,142	-	-	(684,044.00)
<b>OTHER INCOME AND EXPENSES RELATED TO CAPITAL</b>							
Municipal taxation	-	812,046	-	-	-	-	812,046
Government transfers	-	2,467,088	-	-	-	-	2,467,088
Canada	-	2,467,088	-	-	-	-	2,467,088
Ontario	-	-	-	-	-	-	-
Other	-	200,000	-	-	-	-	200,000
Donations	-	5,946,222	-	-	-	-	5,946,222
<b>FINANCING AND TRANSFERS</b>							
Debt repayment	(22,611)	-	-	22,611	-	-	-
Benefiting landowners principal repayments	1,776	-	-	(1,776)	-	-	-
Transfers from (to) other funds	(1,113,345)	2,919,771	(1,806,426)	-	-	-	-
	<u>(1,134,180)</u>	<u>2,919,771</u>	<u>(1,806,426)</u>	<u>20,835</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 48,927	\$ -	\$ (1,806,426)	\$ 7,018,977	\$ -	\$ -	\$ 5,262,178

**CORPORATION OF THE MUNICIPALITY OF  
TWEED TRUST FUNDS**

**FINANCIAL STATEMENTS**

December 31, 2010

## INDEPENDENT AUDITOR'S REPORT

To the Members of Council of the  
Corporation of the Municipality of Tweed

We have audited the financial position of the **CORPORATION OF THE MUNICIPALITY OF TWEED** Trust Funds as at December 31, 2010 and the statement of continuity for the year then ended, and a summary of significant accounting policies. These financial statements have been prepared by management using the cash receipts and disbursements basis of accounting described in the 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 the cash receipts and disbursements basis of accounting described in the notes to financial statements; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances, and for such internal control as management determines is necessary to enable the presentation 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 statement.

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 presents fairly, in all material respects, the cash receipts and disbursements and financial position of the **CORPORATION OF THE MUNICIPALITY OF TWEED** Trust Funds for the year ended December 31, 2010 in accordance with the cash receipts and disbursements basis of accounting described in the notes to financial statements.

*Welch LLP*

Belleville, Ontario  
October 25, 2011

CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

**CORPORATION OF THE MUNICIPALITY OF TWEED**

**TRUST FUNDS**

**BALANCE SHEET**

**DECEMBER 31, 2010**

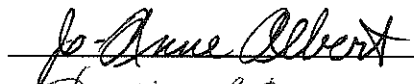
**ASSETS**

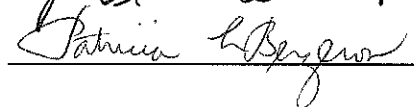
	<u>Recreation Associations</u>	<u>Ontario Home Renewal Plan</u>	<u>Santa Claus Parade Fund</u>	<u>Total</u>
Cash	\$ -	\$ 3,388	\$ 883	\$ 4,271
Investments	11,570	-	-	11,570
Loans receivable	<u>-</u>	<u>7,834</u>	<u>-</u>	<u>7,834</u>
	<u>\$ 11,570</u>	<u>\$ 11,222</u>	<u>\$ 883</u>	<u>\$ 23,675</u>

**FUND BALANCE**

Fund balances	<u>\$ 11,570</u>	<u>\$ 11,222</u>	<u>\$ 883</u>	<u>\$ 23,675</u>
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Approved by Council:

 Reeve

 CAO/Clerk

*(See accompanying notes)*

**CORPORATION OF THE MUNICIPALITY OF TWEED**

**TRUST FUNDS**

**STATEMENT OF CONTINUITY**

**YEAR ENDED DECEMBER 31, 2010**

	<u>Recreation Associations</u>	<u>Ontario Home Renewal Plan</u>	<u>Santa Claus Parade Fund</u>	<u>Total</u>
<b>FUND BALANCES, beginning of year</b>	<u>\$ 11,541</u>	<u>\$ 11,222</u>	<u>\$ 1,083</u>	<u>\$ 23,846</u>
<b>RECEIPTS</b>				
Donations	-	-	1,100	1,100
Interest earned	<u>29</u>	<u>-</u>	<u>-</u>	<u>29</u>
	<u>29</u>	<u>-</u>	<u>1,100</u>	<u>1,129</u>
<b>EXPENDITURES</b>				
Parade expenses	-	-	1,300	1,300
Administration	-	-	-	-
Funds returned to Province	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>1,300</u>	<u>1,300</u>
<b>FUND BALANCES, end of year</b>	<u><u>\$ 11,570</u></u>	<u><u>\$ 11,222</u></u>	<u><u>\$ 883</u></u>	<u><u>\$ 23,675</u></u>

*(See accompanying notes)*



**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**TRUST FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

**1. ACCOUNTING PRINCIPLES**

**Basis of Accounting**

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

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

**2. ONTARIO HOME RENEWAL PROGRAM**

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

Ontario Home Renewal Program loans receivable at December 31, 2010 consist of repayable loans totalling \$7,834 and forgivable loans totalling \$NIL. Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. In the event that the home owner ceases to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable.