

**The Corporation of the
Township of Perth East
- Trust Funds
Financial Statements
For the year ended December 31, 2012**

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Contents

Independent Auditors' Report	2
Financial Statements	
Statement of Financial Position - Trust Funds	3
Statement of Financial Activities and Accumulated Surplus - Trust Funds	4
Statement of Cash Flows - Trust Funds	5
Summary of Significant Accounting Policies - Trust Funds	6
Notes to Financial Statements - Trust Funds	7
Schedule of Financial Activities by Trust Fund	8

Independent Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Perth East

We have audited the accompanying financial statements of The Corporation of the Township of Perth East - Trust Funds, which comprise the statement of financial position as at December 31, 2012, the statements of financial activities and accumulated surplus and cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Perth East - Trust Funds as at December 31, 2012 and the results of its financial activities and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

**Stratford, Ontario
August 29, 2013**

**The Corporation of the Township of Perth East
Statement of Financial Position - Trust Funds**

December 31	2012	2011
Assets		
Current		
Cash	\$ 145,726	\$ 59,876
Short-term investment (Note 1)	154,705	116,933
Accrued interest receivable	3,585	19,735
	<u>304,016</u>	196,544
Long-term investments (Note 2)	<u>501,095</u>	654,705
	<u>\$ 805,111</u>	<u>\$ 851,249</u>
Liabilities and Accumulated Surplus		
Current		
Due to Township of Perth East	\$ 21,883	\$ 99,571
Accumulated surplus	<u>783,228</u>	751,678
	<u>\$ 805,111</u>	<u>\$ 851,249</u>

**The Corporation of the Township of Perth East
Statement of Financial Activities and Accumulated Surplus -
Trust Funds**

For the year ended December 31	2012	2011
Revenue		
Portion of plot sales and monument income	\$ 8,071	\$ 3,799
Interest earned	24,979	13,906
Donations	109,654	-
Surplus from Greenwood operations	6,849	-
Contribution from revenue fund	3,685	344
	<u>153,238</u>	<u>18,049</u>
Expenditures		
Contribution to revenue fund	37,156	74,007
Funds paid out to beneficiaries	83,365	-
Payment of Sebringville Athletic loan receivable - revenue fund	1,167	798
	<u>121,688</u>	<u>74,805</u>
Net revenues (expenditures) for the year	31,550	(56,756)
Accumulated surplus, beginning of year	751,678	808,434
Accumulated surplus, end of year	\$ 783,228	\$ 751,678

The Corporation of the Township of Perth East Statement of Cash Flows - Trust Funds

For the year ended December 31	2012	2011
Cash flows from operating activities		
Net revenues (expenditures) for the year	31,550	(56,756)
Change in non-cash working capital balances		
Decrease (increase) in accrued interest receivable	16,150	(11,726)
	<u>47,700</u>	<u>(68,482)</u>
Investing activities		
Decrease (increase) in investments	115,838	(933)
Financing activities		
Increase (decrease) in amount due to Township of Perth East	(77,688)	128,730
Net change in cash and cash equivalents	85,850	59,315
Cash and cash equivalents, beginning of year	59,876	561
Cash and cash equivalents, end of year	\$ 145,726	\$ 59,876

The Corporation of the Township of Perth East Summary of Significant Accounting Policies - Trust Funds

December 31, 2012

Basis of Accounting	The financial statements of the Corporation of the Township of Perth East - Trust Funds are the representation of management. They have been prepared in accordance with Canadian public sector accounting standards.
Financial Instruments	Financial instruments consist of cash, accrued interest receivable, short-term and long-term investments and amounts due to the Township of Perth East. All financial instruments are recorded at fair value upon inception. In subsequent periods, financial instruments are recorded at cost or amortized cost less impairment, if applicable.
Use of Estimates	The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**The Corporation of the Township of Perth East
Notes to Financial Statements - Trust Funds**

December 31, 2012

1. Short-Term Investment

	<u>2012</u>	<u>2011</u>
G.I.C.	<u>\$ 154,705</u>	<u>\$ 116,933</u>
Fair market value	<u>\$ 154,705</u>	<u>\$ 116,933</u>

The G.I.C. carries an effective interest rate of 1.50% (2011 - 0.70%).

2. Long-Term Investments

	<u>2012</u>	<u>2011</u>
Bond	<u>\$ 501,095</u>	<u>\$ -</u>
G.I.C. and debenture	<u>-</u>	<u>654,705</u>
	<u>\$ 501,095</u>	<u>\$ 654,705</u>
Fair market value	<u>\$ 499,314</u>	<u>\$ 654,705</u>

The investments have an effective interest rate of 2.95% (2011 - 1.00% to 4.50%).

3. Financial Instrument Risk

It is management's opinion that the trust funds are not exposed to significant interest rate, currency or credit risks arising from its financial instruments.

**The Corporation of the Township of Perth East
Schedule of Financial Activities by Trust Fund**

For the year ended December 31	2012	2011
Receipts		
Portion of plot sales and monument income	\$ 8,071	\$ 3,799
Interest earned	24,979	13,906
Donations	109,654	-
Surplus from Greenwood operations	6,849	-
Contribution from revenue fund	3,685	344
	21,726	18,049
Expenditures		
Contribution to revenue fund	-	74,007
Funds paid out to beneficiaries	83,365	-
Payment of Sebringville Athletic Loan receivable - revenue fund	1,167	798
	14,524	74,805
Net revenues (expenditures)	31,550	(56,756)
Accumulated surplus, beginning of year	751,678	808,434
Accumulated surplus, end of year	\$ 783,228	\$ 751,678