

**The Corporation of the
Township of Perth East
Trust Funds
Financial Statements
For the year ended December 31, 2011**

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For the year ended December 31, 2011

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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, 2011, the statements of financial activities 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 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 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 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 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, 2011 and the results 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.

"BDO Canada LLP"

Chartered Accountants, Licensed Public Accountants

**Stratford, Ontario
June 18, 2012**

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

December 31	2011	2010
Assets		
Current		
Cash	\$ 59,876	\$ 561
Short-term investments (Note 1)	116,933	116,000
Due from Township of Perth East	-	29,159
Accrued interest receivable	19,735	8,009
	196,544	153,729
Long-term investments (Note 2)	654,705	654,705
	\$ 851,249	\$ 808,434
Liabilities and Accumulated Surplus		
Current		
Due to Township of Perth East	\$ 99,571	\$ -
Accumulated surplus	751,678	808,434
	\$ 851,249	\$ 808,434

The Corporation of the Township of Perth East Statement of Financial Activities Trust Funds

For the year ended December 31	2011	2010
Receipts		
Portion of plot sales and monument income	\$ 3,799	\$ 200
Interest earned	13,906	18,466
Donation	-	340
Subdivider deposits	-	2,000
Contribution from revenue fund	344	-
	18,049	21,006
Expenditures		
Contribution to revenue fund	74,007	6,890
Payment of Sebringville Athletic loan receivable - revenue fund	798	798
	74,805	7,688
Net revenues (expenditures) for the year	(56,756)	13,318
Accumulated surplus, beginning of year	808,434	795,116
Accumulated surplus, end of year	\$ 751,678	\$ 808,434

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

December 31, 2011

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 generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.
Investments	All short-term and long-term investments are stated at the lower of cost and net realizable value.
Financial Instruments	<p>The municipality's trust funds financial instruments consist of cash, accrued interest receivable, short-term and long-term investments and amounts due from the Township of Perth East. Unless otherwise noted, it is management's opinion that the municipality's trust funds are not exposed to significant interest, currency or credit risks arising from these financial instruments.</p> <p>The fair values of these financial instruments approximate their carrying values, unless otherwise noted.</p>
Use of Estimates	The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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.
Statement of Cash Flows	A statement of cash flows has not been provided since the sources and uses of cash are readily apparent from the information included in the financial statements.

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

December 31, 2011

1. Short-Term Investments

	<u>2011</u>	<u>2010</u>
G.I.C. and debenture	<u>\$ 116,933</u>	<u>\$ 116,000</u>
Fair market value	<u>\$ 116,933</u>	<u>\$ 116,000</u>

The G.I.C. and debenture carry effective interest rates of 0.70% (2010 - 0.80%).

2. Long-Term Investments

	<u>2011</u>	<u>2010</u>
G.I.C. and debenture	<u>\$ 654,705</u>	<u>\$ 654,705</u>
Fair market value	<u>\$ 654,705</u>	<u>\$ 654,705</u>

The G.I.C. and debenture carried effective interest rates of 1.00% to 4.50% (2010 - 1.00% to 1.80%).

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

For the year ended December 31	2011		2010	
	2011	2010	2011	2010
Receipts				
Portion of plot sales and monument income	\$ -	\$ 36	\$ -	\$ 200
Interest earned	8,710	369	1,345	18,466
Donation	-	-	-	340
Subdivider deposits	-	-	-	2,000
Contribution from revenue fund	344	-	-	-
	9,054	405	1,345	21,006
Expenditures				
Contribution to revenue fund	9,883	412	-	6,890
Payment of Sebringville Athletic Loan receivable - revenue fund	-	-	798	798
	9,883	412	-	7,688
Net revenues (expenditures)	(829)	(7)	1,345	13,318
Accumulated surplus, beginning of year	433,165	14,454	72,206	795,116
Accumulated surplus, end of year	\$ 432,336	\$ 14,447	\$ 73,551	\$ 808,434

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