

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009

CORPORATION OF THE TOWNSHIP OF ESSA
CONSOLIDATED FINANCIAL STATEMENTS
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Where Town and Country Meet

CORPORATION OF THE TOWNSHIP OF ESSA

For The Year Ended December 31, 2009

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Essa are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.

The Township's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Essa. Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the external auditor's report.

The consolidated financial statements have been audited by Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Collins Barrow Kawarthas LLP has full and free access to Council.

Mayor

Date

Sept. 1 2010

Treasurer

Date

Sept. 1 2010

AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE TOWNSHIP OF ESSA

We have audited the consolidated statement of financial position of the Corporation of the Township of Essa as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Township's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
July 29, 2010

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2009

	2009	Restated 2008
	\$	\$ (Note 2)
FINANCIAL ASSETS		
Cash	10,018,379	12,699,814
Short term investments (note 4)	6,076,685	-
Taxes receivable	1,791,672	1,577,976
Accounts receivable	1,804,590	1,166,652
Long term receivables (note 5)	228,105	261,412
TOTAL FINANCIAL ASSETS	19,919,431	15,705,854
LIABILITIES		
Temporary advances	-	1,423,539
Accounts payable and accrued	2,137,235	1,487,512
Deferred revenue - obligatory reserve funds (note 7)	6,430,581	5,321,722
Deferred revenue - other	492,237	424,621
Long term debt (note 8)	9,402,322	7,929,093
Employee future benefits payable (note 9)	509,473	428,821
TOTAL LIABILITIES	18,971,848	17,015,308
NET FINANCIAL ASSETS/(LIABILITIES)	947,583	(1,309,454)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 6)	86,131,439	83,868,372
Prepaid expenses	5,250	1,865
TOTAL NON-FINANCIAL ASSETS	86,136,689	83,870,237
ACCUMULATED SURPLUS (note 10)	87,084,272	82,560,783

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2009

	Budget 2009 \$	Actual 2009 \$	Restated Actual 2008 \$ (Note 2)
REVENUES			
Property taxation	7,038,522	7,066,258	6,981,844
User charges	3,580,838	3,462,649	3,487,180
Government of Canada	1,124,948	210,612	553,692
Province of Ontario	3,094,015	1,790,642	3,804,462
Other municipalities	175,060	248,433	177,386
Penalties and interest on taxes	190,000	228,371	191,127
Investment income	351,583	176,006	379,546
Donations	2,000	69,737	71,583
Contributed capital	-	-	5,406,627
Developer contributions earned	2,703,366	2,755,504	3,464,494
Gain on sale of assets	-	3,187,869	-
TOTAL REVENUES	18,260,332	19,196,081	24,517,941
EXPENSES			
General government	1,130,177	1,286,664	1,045,434
Protection services	3,594,041	3,558,580	3,410,638
Transportation services	2,109,848	3,229,366	2,687,911
Environmental services	2,674,778	4,468,115	4,052,037
Social and family services	16,000	15,868	12,558
Recreation and cultural services	1,537,814	1,822,400	1,616,422
Planning and development	213,187	291,599	497,118
TOTAL EXPENSES	11,275,845	14,672,592	13,322,118
ANNUAL SURPLUS	6,984,487	4,523,489	11,195,823
ACCUMULATED SURPLUS - beginning of year	82,560,783	82,560,783	71,364,960
ACCUMULATED SURPLUS - end of year	89,545,270	87,084,272	82,560,783

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2009

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$ (Note 2)
ANNUAL SURPLUS	6,984,487	4,523,489	11,195,823
Amortization of tangible capital assets	-	2,521,596	2,317,445
Acquisition of tangible capital assets	(8,719,596)	(4,973,771)	(9,739,577)
Gain on disposal of tangible capital assets	-	(3,187,869)	-
Proceeds on sale of tangible capital assets	-	3,376,977	-
(Increase)/decrease in prepaid expenses	-	(3,385)	3,204
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(1,735,109)	2,257,037	3,776,895
NET FINANCIAL LIABILITIES - beginning of year	(1,309,454)	(1,309,454)	(5,086,349)
NET FINANCIAL ASSETS (LIABILITIES) - end of year	(3,044,563)	947,583	(1,309,454)

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended December 31, 2009

	2009 \$	Restated 2008 \$ (Note 2)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	4,523,489	11,195,823
Increase in short term investments	(6,076,685)	-
Increase in taxes receivable	(213,696)	(165,989)
(Increase)/decrease in accounts receivable	(637,938)	520,495
Decrease in long term receivables	33,307	36,918
(Increase)/decrease in prepaid expenses	(3,385)	3,204
Increase/(decrease) in accounts payable and accrued	649,723	(1,144,190)
Increase in other liabilities	-	18,271
Increase/(decrease) in deferred revenue - obligatory reserve funds	1,108,859	(414)
Increase in deferred revenue - other	67,616	1,624,516
Increase/(decrease) in employee future benefits payable	80,652	(34,972)
Non-cash charges to operations		
Amortization of tangible capital assets	2,521,596	2,317,445
Gain on disposal of tangible capital assets	(3,187,869)	-
Net increase/(decrease) in cash from operating transactions	(1,134,331)	14,371,107
CAPITAL		
Acquisition of tangible capital assets	(4,973,771)	(9,739,577)
Proceeds on disposal of tangible capital assets	3,376,977	-
Net decrease in cash from capital transactions	(1,596,794)	(9,739,577)
FINANCING		
Long term debt issued	1,900,000	-
Debt principal repayments	(426,771)	(362,049)
Net increase/(decrease) in cash from financing transactions	1,473,229	(362,049)
INCREASE/(DECREASE) IN CASH	(1,257,896)	4,269,481
CASH - beginning of year	11,276,275	7,006,794
CASH - end of year	10,018,379	11,276,275
Comprised of:		
Cash	10,018,379	12,699,814
Temporary advances	-	(1,423,539)
	10,018,379	11,276,275

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

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

- Essa Public Library Board
- Angus Business Improvement Area Board

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

(b) Tangible Capital Assets

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

Land improvements	15 to 30 years
Buildings	25 to 60 years
Equipment	8 to 50 years
Vehicles	10 to 25 years
Roads and bridges	7 to 60 years
Water and sewer	20 to 80 years
Storm sewer	20 to 80 years

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

Assets under construction are not amortized until they are put into service.

(c) Recognition of Revenues and Expenses

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

CORPORATION OF THE TOWNSHIP OF ESSA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Non-financial Assets

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

(e) Reserves and Reserve Funds

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

(f) Deferred Revenue

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

(g) Taxation

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

(h) Government Funding

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

(i) Use of Estimates

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

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.
- The values of employee future benefit obligations and the amount of employee future benefits charged to earnings depend on certain actuarial and economic assumptions.

CORPORATION OF THE TOWNSHIP OF ESSA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Financial Instruments

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

2. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY

The Township has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook which requires municipalities and their local boards to record and amortize their tangible capital assets on their financial statements. Adjustments necessary to the 2008 financial information as a result of the Section are as follows:

Adjustment to 2008 Tangible Capital Assets

Assets previously expensed to December 31, 2008	\$ 129,011,861
Accumulated amortization to December 31, 2008, not previously recorded	<u>(45,143,489)</u>
Closing 2008 and opening 2009 net book value of tangible capital assets as restated	<u>\$ 83,868,372</u>

Adjustment to Opening 2008 Accumulated Surplus

Accumulated surplus as previously stated	
Current fund	\$ 799,804
Capital fund	(5,532,821)
Reserves and reserve funds	<u>8,406,673</u>
	3,673,656
Net book value of tangible capital assets at January 1, 2008	76,446,239
Long-term debt related to tangible capital assets	(8,291,142)
Amounts to be recovered	<u>(463,793)</u>
Opening 2008 accumulated surplus as restated	<u>\$ 71,364,960</u>

Adjustment to 2008 Annual Surplus

2008 annual surplus as previously stated	\$ 3,773,691
Add: Assets capitalized but previously expensed	9,739,577
Less: Amortization expense not previously recorded	<u>(2,317,445)</u>
2008 annual surplus as restated	<u>\$ 11,195,823</u>

CORPORATION OF THE TOWNSHIP OF ESSA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF SIMCOE

During 2009, requisitions were made by the County of Simcoe and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	4,885,709	4,271,774
Taxation from other governments	392,115	823,811
	<u>5,277,824</u>	<u>5,095,585</u>
Amounts requisitioned and remitted	<u>5,277,824</u>	<u>5,095,585</u>

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

4. SHORT TERM INVESTMENTS

	2009	2008
	\$	\$
Cashable GICs, bearing interest at 1.5% per annum and maturing February 24, 2010.	6,076,685	-

5. LONG TERM RECEIVABLES

Long term receivables consist of the following:

	2009	2008
	\$	\$
Note receivable, repayable in blended annual payments of \$38,057, including principal and interest at 5.5%, secured by a mortgage on real estate, maturing December 24, 2015.	170,132	197,336
Amount receivable from sewer users, repayable in blended annual payments of \$13,237, including principal and interest at 6%, matures in 2014.	57,973	64,076
	<u>228,105</u>	<u>261,412</u>

CORPORATION OF THE TOWNSHIP OF ESSA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

6. TANGIBLE CAPITAL ASSETS

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

	2009	2008
	\$	\$
General		
Land	15,919,166	15,713,539
Land improvements	912,069	938,727
Buildings	13,212,443	13,698,574
Equipment	13,538,507	13,911,776
Vehicles	2,142,443	2,225,055
Infrastructure		
Roads and bridges	11,400,255	10,241,834
Water and sanitary systems	19,772,040	20,066,777
Storm sewers	6,836,502	6,965,494
	83,733,425	83,761,776
Assets under construction	2,398,014	106,596
	86,131,439	83,868,372

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

During the year there were no write-downs of assets (2008 - \$Nil) and no interest capitalized (2008 - \$Nil).

	2009	2008
	\$	\$
General government	3,754,330	3,768,943
Protection services	1,268,336	1,394,732
Transportation services	25,676,367	21,949,298
Environmental services	47,981,044	49,086,740
Recreation and cultural services	7,451,362	7,668,659
	86,131,439	83,868,372

CORPORATION OF THE TOWNSHIP OF ESSA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

7. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

	2009	2008
	\$	\$
Development charges	4,455,840	3,715,763
Parkland	17,216	16,952
Brown's Line and bridge	1,350,193	1,531,380
Federal gas tax revenues	607,332	57,627
	6,430,581	5,321,722

8. LONG TERM DEBT

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

	2009	2008
	\$	\$
Ontario Municipal Economic Infrastructure Financing Authority Debenture, matures December 2, 2019, repayable in blended semiannual payments of \$167,252, bears interest at 2.62% per annum.	2,926,004	3,178,868
Ontario Strategic Infrastructure Financing Authority Debenture, matures February 2, 2031, repayable in blended semiannual payments of \$173,452, bears interest at 4.75% per annum.	4,628,947	4,750,225
Ontario Infrastructure Projects Corporation Debenture, matures May 1, 2024, repayable in blended semiannual payments of \$76,284, bears interest at 2.49% per annum.	1,847,371	-
	9,402,322	7,929,093

(b) The long term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing. The long term debt principal and interest payments will be recovered from water user charges and sewer development charges.

(c) Interest paid during the year on long term debt amounted to \$330,925 (2008 - \$319,362)

CORPORATION OF THE TOWNSHIP OF ESSA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

8. LONG TERM DEBT, continued

(d) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2010	493,909	340,071	833,980
2011	509,590	324,390	833,980
2012	525,817	308,163	833,980
2013	542,609	291,371	833,980
2014	559,990	273,990	833,980
	2,631,915	1,537,985	4,169,900
2015 to 2019	3,082,863	1,087,035	4,169,898
2020 and subsequent years	3,687,544	988,441	4,675,985
	<u>9,402,322</u>	<u>3,613,461</u>	<u>13,015,783</u>

9. EMPLOYEE FUTURE AMOUNTS PAYABLE

The Township provides certain employee benefits which will require funding in future periods as follows:

	2009 \$	2008 \$
Extended health care benefits	368,078	302,688
Vacation pay entitlement	141,395	126,133
	<u>509,473</u>	<u>428,821</u>

CORPORATION OF THE TOWNSHIP OF ESSA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

10. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus/(deficit) and reserves and reserve funds as follows:

	2009	2008
	\$	\$
Surplus/(Deficit)		
Township	129,590	280,968
Waterworks	412,749	422,987
Sewer	29,039	40,450
Library	29,878	33,021
Unfunded employee future benefits	(509,473)	(428,821)
	<u>91,783</u>	<u>348,605</u>
Invested In Capital Assets		
Tangible capital assets - net book value	86,131,439	83,868,372
Long term debt	(9,402,322)	(7,929,093)
Unfunded capital	(2,341,058)	(3,951,481)
	<u>74,388,059</u>	<u>71,987,798</u>
Surplus	<u>74,479,842</u>	<u>72,336,403</u>
Reserves		
Working funds	934,935	934,935
Contingencies	37,372	37,372
Acquisition of capital assets	10,714,461	8,392,967
Operations	566,910	566,910
Total Reserves	<u>12,253,678</u>	<u>9,932,184</u>
Reserve Funds		
Water and sewer services	140,220	137,615
Angus Business Improvement Area	21,926	36,410
Library	188,606	118,171
Total Reserve Funds	<u>350,752</u>	<u>292,196</u>
	<u>87,084,272</u>	<u>82,560,783</u>

The unfunded capital balance will be funded in subsequent years through recoveries from users of the sewer systems and revenues collected from development charges to which these sewer system expansion projects relate.

CORPORATION OF THE TOWNSHIP OF ESSA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

11. EXPENSES BY OBJECT

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

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$
Salaries and benefits	3,540,373	3,501,346	3,313,840
Interest charges	337,469	330,925	319,362
Materials	2,912,253	4,024,818	3,185,468
Contracted services	4,294,074	4,109,637	4,007,403
Rents and financial expenses	44,956	41,454	41,134
External transfers	146,720	142,816	137,466
Amortization	-	2,521,596	2,317,445
	11,275,845	14,672,592	13,322,118

12. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions required on account of current service in 2009 were \$149,897 (2008 - \$147,168).

13. BUDGET FIGURES

The budget, approved by the Township, for 2009 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

14. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$2,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate .75% per annum. Council authorized the temporary borrowing limit by By-law 2009-03. At December 31, 2009 there was a balance outstanding of \$Nil.

15. CONTINGENT LIABILITIES

The Township, in the course of its operations, has been named in several lawsuits the outcome of which is indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

CORPORATION OF THE TOWNSHIP OF ESSA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

16. SEGMENTED INFORMATION

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

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

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

General Government

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

Protection Services

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

Transportation Services

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

Environmental Services

The environmental function is responsible for providing water, sewer, storm sewer, waste disposal and recycling services to ratepayers.

Social and Family Services

The social and family services consist of support for local community organizations.

Recreation and Cultural Services

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

Planning and Development

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

17. COMPARATIVE FIGURES

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

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2009

	General							Totals		
	Land	Land improvements	Buildings	Equipment	Vehicles	Roads and bridges	Water and sanitary systems		Storm sewers	Assets Under Construction
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
COST										
Balance, beginning of year	15,713,539	1,418,176	19,822,638	18,820,458	4,119,476	37,714,277	23,159,381	8,137,320	106,596	129,011,861
Add: additions during the year	211,135	20,256	48,047	339,417	347,448	1,681,955	-	34,095	2,291,418	4,973,771
Less: disposals during the year	5,508	-	27,507	40,694	348,181	-	-	-	-	421,890
Balance, end of year	15,919,166	1,438,432	19,843,178	19,119,181	4,118,743	39,396,232	23,159,381	8,171,415	2,398,014	133,563,742
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	479,449	6,124,064	4,908,682	1,894,421	27,472,443	3,092,604	1,171,826	-	45,143,489
Add: additions during the year	-	46,914	508,321	712,686	272,317	523,534	294,737	163,087	-	2,521,596
Less: disposals during the year	-	-	1,650	40,694	190,438	-	-	-	-	232,782
Balance, end of year	-	526,363	6,630,735	5,580,674	1,976,300	27,995,977	3,387,341	1,334,913	-	47,432,303
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	15,919,166	912,069	13,212,443	13,538,507	2,142,443	11,400,255	19,772,040	6,836,502	2,398,014	86,131,439

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2009

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Social and Family Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues									
Property taxation	-	2,435,835	2,480,276	44,240	959,032	15,868	915,514	215,493	7,066,258
User charges	76,162	374,219	61,947	2,259,797	-	-	637,456	53,068	3,462,649
Government transfers - operating	1,660,837	6,298	-	-	-	-	37,550	-	1,704,685
Government transfers - capital	-	-	114,332	176,959	-	-	5,278	-	296,569
Other municipalities	91,238	157,195	-	-	-	-	-	-	248,433
Penalties and interest on taxes	228,371	-	-	-	-	-	-	-	228,371
Investment income	75,962	-	-	98,817	-	-	698	529	176,006
Donations	-	-	-	-	-	-	69,737	-	69,737
Developer contributions earned	21,131	35,273	1,599,197	1,099,903	-	-	-	-	2,755,504
Gain on sale of assets	3,187,869	-	-	-	-	-	-	-	3,187,869
Total revenues	5,341,570	3,008,820	4,255,752	3,679,716	959,032	15,868	1,666,233	269,090	19,196,081
Expenses									
Salaries and benefits	783,484	664,904	890,788	84,971	-	-	852,700	224,499	3,501,346
Interest charges	-	-	-	330,925	-	-	-	-	330,925
Materials	372,872	268,518	1,463,291	1,075,928	226,609	-	575,220	42,380	4,024,818
Contracted services	92,310	2,347,227	47,178	810,496	703,894	-	83,812	24,720	4,109,637
Rents and financial expenses	23,385	17,050	-	837	-	-	182	-	41,454
External transfers	-	126,948	-	-	-	15,868	-	-	142,816
Amortization	14,613	133,933	828,109	1,071,368	163,087	-	310,486	-	2,521,596
Total expenses	1,286,664	3,558,580	3,229,366	3,374,525	1,093,590	15,868	1,822,400	291,599	14,672,592
Net surplus/(deficit)	4,054,906	(549,760)	1,026,386	305,191	(134,558)	-	(156,167)	(22,509)	4,523,489

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2008

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Social and Family Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues									
Property taxation	264,553	2,060,218	2,615,782	-	770,710	12,558	829,517	428,506	6,981,844
User charges	101,170	505,694	144,845	2,029,117	-	-	626,907	79,447	3,487,180
Government transfers - operating	1,418,353	15,568	250	-	-	-	35,394	-	1,469,565
Government transfers - capital	-	-	2,882,142	-	-	-	6,447	-	2,888,589
Other municipalities	-	177,386	-	-	-	-	-	-	177,386
Penalties and interest on taxes	191,127	-	-	-	-	-	-	-	191,127
Investment income	265,960	-	-	109,651	-	-	2,779	1,156	379,546
Donations	71,583	-	-	-	-	-	-	-	71,583
Contributed capital	510,000	-	61,000	2,855,706	1,693,921	-	286,000	-	5,406,627
Developer contributions earned	30,254	4,646	49,092	3,374,302	-	-	6,200	-	3,464,494
Total revenues	2,853,000	2,763,512	5,753,111	8,368,776	2,464,631	12,558	1,793,244	509,109	24,517,941
Expenses									
Salaries and benefits	680,142	671,686	859,322	81,634	-	-	809,717	211,339	3,313,840
Interest charges	-	-	-	319,362	-	-	-	-	319,362
Materials	272,725	235,780	1,094,739	778,530	95,700	-	426,115	281,879	3,185,468
Contracted services	55,379	2,227,835	28,454	737,075	872,225	-	82,535	3,900	4,007,403
Rents and financial expenses	22,576	17,121	-	616	-	-	821	-	41,134
External transfers	-	124,908	-	-	-	12,558	-	-	137,466
Amortization	14,612	133,308	705,396	1,021,730	145,165	-	297,234	-	2,317,445
Total expenses	1,045,434	3,410,638	2,687,911	2,938,947	1,113,090	12,558	1,616,422	497,118	13,322,118
Net surplus/(deficit)	1,807,566	(647,126)	3,065,200	5,429,829	1,351,541	-	176,822	11,991	11,195,823

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2009

AUDITORS' REPORT

TO THE MEMBERS OF THE ESSA PUBLIC LIBRARY BOARD, THE MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE TOWNSHIP OF ESSA

We have audited the statement of financial position of the Essa Public Library Board of the Corporation of the Township of Essa as at December 31, 2009 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Board derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Board and we were not able to determine whether any adjustments might be necessary to donations revenue, assets and accumulated surplus.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
July 29, 2010

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2009

	2009	Restated 2008
	\$	\$
		(Note 2)
FINANCIAL ASSETS		
Cash	191,834	159,173
Accounts receivable	25,164	5,955
Due from Township	-	8,244
TOTAL FINANCIAL ASSETS	216,998	173,372
LIABILITIES		
Accounts payable	1,999	22,870
NET FINANCIAL ASSETS	214,999	150,502
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	415,951	396,728
Prepaid expenses	3,485	690
TOTAL NON-FINANCIAL ASSETS	419,436	397,418
ACCUMULATED SURPLUS (note 4)	634,435	547,920

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2009

	Budget 2009 \$	Actual 2009 \$	Restated Actual 2008 \$ (Note 2)
REVENUES			
Contribution from Township	398,971	397,126	385,977
Province of Ontario	25,297	25,297	25,297
Government of Canada	-	10,527	10,257
Other	14,500	34,382	29,431
Capital donations	2,000	69,737	61,583
TOTAL REVENUES	440,768	537,069	512,545
EXPENSES			
Salaries and benefits	301,325	299,480	284,654
Utilities	13,885	19,098	18,215
Subscriptions and periodicals	7,800	3,150	444
Insurance and audit	4,088	4,884	4,188
Repairs and maintenance	11,500	14,321	10,708
Office and miscellaneous	26,270	27,989	39,930
Fundraising costs	1,500	5,860	8,562
Amortization	-	75,772	65,570
TOTAL EXPENSES	366,368	450,554	432,271
ANNUAL SURPLUS	74,400	86,515	80,274
ACCUMULATED SURPLUS - beginning of year	547,920	547,920	467,646
ACCUMULATED SURPLUS - end of year	622,320	634,435	547,920

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2009

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$ (Note 2)
ANNUAL SURPLUS	74,400	86,515	80,274
Amortization of tangible capital assets	-	75,772	65,570
Acquisition of tangible capital assets	(79,400)	(94,995)	(82,231)
(Increase)/decrease in prepaid expenses	-	(2,795)	3,042
INCREASE IN NET FINANCIAL ASSETS	(5,000)	64,497	66,655
NET FINANCIAL ASSETS - beginning of year	150,502	150,502	83,847
NET FINANCIAL ASSETS - end of year	145,502	214,999	150,502

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA

**ESSA PUBLIC LIBRARY BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2009**

	2009 \$	Restated 2008 \$ (Note 2)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	86,515	80,274
(Increase)/decrease in accounts receivable	(19,209)	989
(Increase)/decrease in due from township	8,244	(2,227)
(Increase)/decrease in prepaid expenses	(2,795)	3,042
Increase/(decrease) in accounts payable	(20,871)	18,667
Non-cash charges to operations		
Amortization of tangible capital assets	75,772	65,570
Net increase in cash from operating transactions	127,656	166,315
CAPITAL		
Acquisition of tangible capital assets	(94,995)	(82,231)
INCREASE IN CASH	32,661	84,084
CASH - beginning of year	159,173	75,089
CASH - end of year	191,834	159,173

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA

**ESSA PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009**

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

(b) Use of Estimates

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

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

(c) Financial Instruments

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

(d) Tangible Capital Assets

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

Furniture and equipment	15 to 40 years
Books	7 years

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

(e) Non-Financial Assets

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

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Government transfers

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

(g) Reserves and reserve funds

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

2. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY

The Board has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook which requires municipalities and their local boards to record and amortize their tangible capital assets on their financial statements. Adjustments necessary to the 2008 financial information as a result of the Section are as follows:

Adjustment to 2008 Tangible Capital Assets

Assets previously expensed to December 31, 2008	\$ 615,320
Accumulated amortization to December 31, 2008, not previously recorded	<u>(218,592)</u>
Closing 2008 and opening 2009 net book value of tangible capital assets as restated	<u>\$ 396,728</u>

Adjustment to Opening 2008 Accumulated Surplus

Accumulated surplus as previously stated	
Current fund	\$ 32,763
Reserves and reserve funds	<u>54,816</u>
	87,579
Net book value of tangible capital assets at January 1, 2008	<u>380,067</u>
Opening 2008 accumulated surplus, as restated	<u>\$ 467,646</u>

Adjustment to 2008 Annual Surplus

2008 annual surplus as previously stated	\$ 63,613
Add: Assets capitalized but previously expensed	82,231
Less: Amortization expense not previously recorded	<u>(65,570)</u>
2008 annual surplus as restated	<u>\$ 80,274</u>

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

3. TANGIBLE CAPITAL ASSETS

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

	Furniture and equipment \$	Books \$	2009 Totals \$	2008 Totals \$
COST				
Balance, beginning of year	151,373	463,947	615,320	533,089
Add: additions during the year	697	94,298	94,995	82,231
Less: disposals during the year	956	32,500	33,456	-
Balance, end of year	151,114	525,745	676,859	615,320
ACCUMULATED AMORTIZATION				
Balance, beginning of year	33,921	184,671	218,592	153,022
Add: additions during the year	5,080	70,692	75,772	65,570
Less: disposals during the year	956	32,500	33,456	-
Balance, end of year	38,045	222,863	260,908	218,592
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	113,069	302,882	415,951	396,728

4. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus/(deficit) and reserves and reserve funds as follows:

	2009 \$	2008 \$
Surplus/(Deficit)		
Operating	29,878	33,021
Invested In Capital Assets		
Tangible capital assets - net book value	415,951	396,728
Surplus	445,829	429,749
Reserve Funds		
Angus building	188,606	118,171
	634,435	547,920

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

5. BUDGET FIGURES

The operating budget, approved by the Board, for 2009 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

6. COMPARATIVE FIGURES

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

**CORPORATION OF THE TOWNSHIP OF ESSA
ANGUS BUSINESS IMPROVEMENT AREA BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2009**

AUDITORS' REPORT

TO THE MEMBERS OF THE ANGUS BUSINESS IMPROVEMENT AREA BOARD, THE MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE TOWNSHIP OF ESSA

We have audited the statement of financial position of the Angus Business Improvement Area Board of the Corporation of the Township of Essa as at December 31, 2009 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
July 29, 2010

CORPORATION OF THE TOWNSHIP OF ESSA

**ANGUS BUSINESS IMPROVEMENT AREA BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2009**

	2009	2008
	\$	\$
FINANCIAL ASSETS		
Due from Township	21,926	36,410
NET FINANCIAL ASSETS	21,926	36,410
ACCUMULATED SURPLUS (note 2)	21,926	36,410

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2009

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$
REVENUES			
Taxation	-	-	21,346
Investment income	-	530	1,156
TOTAL REVENUES	-	530	22,502
EXPENSES			
Decorations	15,000	6,323	8,946
Landscapes	7,700	6,790	12,109
Signs	3,500	562	-
Tax write offs	-	639	332
Audit fees	-	700	500
TOTAL EXPENSES	26,200	15,014	21,887
ANNUAL SURPLUS/(DEFICIT)	(26,200)	(14,484)	615
ACCUMULATED SURPLUS - beginning of year	36,410	36,410	35,795
ACCUMULATED SURPLUS - end of year	10,210	21,926	36,410

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2009

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$
ANNUAL SURPLUS/(DEFICIT)	(26,200)	(14,484)	615
NET FINANCIAL ASSETS - beginning of year	36,410	36,410	35,795
NET FINANCIAL ASSETS - end of year	10,210	21,926	36,410

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF CASH FLOWS For the Year Ended December 31, 2009

	2009	2008
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	(14,484)	615
Non-cash charges to operations		
(Increase)/decrease in due from Township	14,484	(615)
Net increase in cash from operating transactions	-	-
INCREASE IN CASH	-	-

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA

**ANGUS BUSINESS IMPROVEMENT AREA BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009**

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

(b) Use of Estimates

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

(c) Financial Instruments

The Board's financial instruments consist of due from Township. It is management's opinion that the fair value of financial instrument is not materially different from its carrying value unless otherwise noted. The Board does not have any significant concentration of credit, currency or interest rate risk.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Angus Business Improvement Area has no significant capital assets.

(e) Reserves and reserve funds

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

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

2. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus/(deficit) and reserves and reserve funds as follows:

	2009	2008
	\$	\$
Reserve Funds		
Operations	21,926	36,410
	21,926	36,410

3. BUDGET FIGURES

The operating budget, approved by the Board, for 2009 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.