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**THE CORPORATION OF  
THE TOWNSHIP OF STRONG**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

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**THE CORPORATION OF THE TOWNSHIP OF STRONG**  
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# Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Strong which comprise the consolidated statement of financial position as at December 31, 2010 and the consolidated statements of operations, accumulated surplus, change 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 financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Strong as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Other matters

Without modifying our report, we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

The consolidated financial statements of The Corporation of the Township of Strong for the year ended December 31, 2009 were audited by another auditor who expressed an unmodified opinion on those statements dated March 1, 2010.

*Grant Thornton LLP*

North Bay, Canada  
August 9, 2011

Chartered Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWNSHIP OF STRONG**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2010**

	2010	2009
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 832,336	\$ 458,267
Investments	-	51,447
Taxes receivable	152,528	226,659
Accounts receivable	195,832	156,951
Inventories held for resale	980	300
	<b>1,181,676</b>	<b>893,624</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	287,530	214,882
Deferred revenue-general	15,167	17,184
Deferred revenue-obligatory reserve funds (Note 4)	262,114	141,849
Municipal debt (Note 5)	187,685	90,683
Accrued interest on long-term debt	639	-
Long-term commitments (Note 7)	27,224	37,500
Employee benefits payable (Note 8)	36,618	27,566
Landfill closure and post-closure liability (Note 9)	180,409	349,600
	<b>997,386</b>	<b>879,264</b>
<b>NET FINANCIAL ASSETS</b>	<b>184,290</b>	<b>14,360</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net (Note 11)	6,953,236	7,193,765
Inventories of supplies	47,559	38,080
Prepaid expenses	14,313	9,465
	<b>7,015,108</b>	<b>7,241,310</b>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<b>\$ 7,199,398</b>	<b>\$ 7,255,670</b>

Contingencies (Notes 2 and 10)

APPROVED ON BEHALF OF COUNCIL:

\_\_\_\_\_ Mayor

**THE CORPORATION OF THE TOWNSHIP OF STRONG**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budget 2010 <i>(Unaudited - see Note 14)</i>	Actual 2010	Actual 2009
<b>REVENUE</b>			
Property taxes	\$ 1,722,063	\$ 1,748,855	\$ 1,638,848
User charges	61,755	59,457	86,162
Government transfers	884,807	947,429	1,159,067
Writedown of landfill closure and post-closure liability	-	169,191	-
Other	401,277	362,629	243,693
<b>TOTAL REVENUE</b>	<b>3,069,902</b>	<b>3,287,561</b>	<b>3,127,770</b>
<b>EXPENSES</b>			
General government	462,576	465,814	468,878
Protection to persons and property	329,890	392,194	298,849
Transportation services	1,804,879	1,547,576	2,024,042
Environmental services	246,684	238,713	230,519
Health services	290,402	288,415	293,107
Social and family services	184,280	184,070	193,656
Recreation and cultural services	115,434	225,342	204,333
Planning and development	124,110	1,709	1,558
<b>TOTAL EXPENSES</b>	<b>3,558,255</b>	<b>3,343,833</b>	<b>3,714,942</b>
<b>ANNUAL DEFICIT</b> <i>(Note 12)</i>	<b>(488,353)</b>	<b>(56,272)</b>	<b>(587,172)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>7,255,670</b>	<b>7,255,670</b>	<b>7,842,842</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 6,767,317</b>	<b>\$ 7,199,398</b>	<b>\$ 7,255,670</b>

The accompanying notes are an integral part of these financial statements

**THE CORPORATION OF THE TOWNSHIP OF STRONG**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budget 2010 <i>(Unaudited - see Note 14)</i>	Actual 2010	Actual 2009
Annual deficit	\$ (488,353)	\$ (56,272)	\$ (587,172)
Acquisition of tangible capital assets	(761,832)	(731,750)	(858,047)
Contributed tangible capital assets	-	(2,150)	-
Amortization of tangible capital assets	1,100,000	935,793	1,100,136
(Gain)/loss on disposal of tangible capital assets	-	38,636	(20,875)
Proceeds from disposal of tangible capital assets	-	-	47,700
Change in supplies inventories	-	(9,479)	(33,080)
Change in prepaid expenses	-	(4,848)	39,350
<b>Increase (decrease) in net financial assets</b>	<b>(150,185)</b>	<b>169,930</b>	<b>(311,988)</b>
<b>Net financial assets, beginning of year</b>	<b>14,360</b>	<b>14,360</b>	<b>326,348</b>
<b>Net financial assets, end of year</b>	<b>\$ (135,825)</b>	<b>\$ 184,290</b>	<b>\$ 14,360</b>

The accompanying notes are an integral part of these financial statements

**THE CORPORATION OF THE TOWNSHIP OF STRONG**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010	2009
<b>Operating transactions</b>		
Annual deficit	\$ (56,272)	\$ (587,172)
Non-cash charges to operations:		
Amortization	935,793	1,100,136
(Gain)/loss on disposal of tangible capital assets	38,636	(20,875)
Change in employee benefits payable	9,052	(3,891)
Change in landfill closure and post-closure liability	(169,191)	13,500
	758,018	501,698
Changes in non-cash items:		
Taxes receivable	74,131	2,012
Accounts receivable	(38,881)	(39,582)
Inventories held for resale	(680)	-
Accounts payable and accrued liabilities	72,648	42,850
Deferred revenue-general	(2,017)	(7,942)
Deferred revenue-obligatory reserve funds	120,265	(51,212)
Inventories of supplies	(9,479)	(33,080)
Prepaid expenses	(4,848)	39,350
	211,139	(47,604)
Cash provided by operating transactions	969,157	454,094
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(731,750)	(858,047)
Contributed tangible capital assets	(2,150)	-
Proceeds from disposal of tangible capital assets	-	47,700
Cash applied to capital transactions	(733,900)	(810,347)
<b>Investing transactions</b>		
Proceeds from sale of investments	51,447	
Cash provided by investing transactions	51,447	
<b>Financing transactions</b>		
Increase in accrued interest on long-term debt	639	-
Proceeds from municipal debt	168,379	-
Debt principal repayments	(71,377)	(96,899)
Payment of long-term commitments	(10,276)	(7,500)
Cash provided by (applied to) financing transactions	87,365	(104,399)
<b>Net change in cash and cash equivalents</b>	<b>374,069</b>	<b>(460,652)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>458,267</b>	<b>918,919</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 832,336</b>	<b>\$ 458,267</b>
<b>Cash flow supplementary information:</b>		
Cash paid for interest	\$ 4,445	\$ 8,733

The accompanying notes are an integral part of these financial statements

# THE CORPORATION OF THE TOWNSHIP OF STRONG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2010

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### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of Strong (the "Municipality") are prepared by management 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 adopted by the Municipality are as follows:

#### (a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenues, expenses and reserve and reserve fund balances of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

#### (i) Consolidated and proportionally consolidated entities

The following local boards are consolidated:

Cemeteries

The following joint boards and committees are proportionally consolidated:

Fire  
 Medical Centre  
 Arena and Hall  
 Library  
 Building Committee  
 Airport

Inter-organizational transactions and balances between these organizations are eliminated.

#### (ii) Non-consolidated entities

The following joint boards are not consolidated:

North Bay Parry Sound District Health Unit  
 Parry Sound District Social Services Administration Board  
 District of Parry Sound (East) Home for the Aged

#### (iii) Accounting for school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

#### (iv) Trust funds

Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

#### (b) Basis of Accounting

#### (i) Accrual basis of accounting

Revenues and expenditures are reported on the accrual basis of accounting. Revenues are recognized in the year in which they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### (ii) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with financial institutions and short-term deposits with original maturities of three months or less.

## THE CORPORATION OF THE TOWNSHIP OF STRONG

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2010

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(iii) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(a) 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. Tangible capital assets received as donations are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years  
 Buildings - 50 years  
 Machinery, equipment and furniture - 5 to 20 years  
 Vehicles - 8 to 30 years  
 Roads - 10 to 60 years  
 Bridges - 60 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Estimated closure and post-closure expenses for active landfill sites as well as the land occupied by the sites are amortized annually on the basis of capacity used during the year as a percentage of the estimated total capacity of the landfill site.

Interest related to the acquisition of capital assets is not capitalized, but is expensed in the year incurred.

(b) Inventories of supplies

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(iv) Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.

(v) Government transfers

Government transfers are 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.

(vi) Deferred revenue - general

The Municipality defers recognition of certain government grants which have been collected but for which the related expenditures have yet to be incurred. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

## THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2010

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- (vii) Deferred revenue-obligatory reserve funds  
The Municipality receives gas tax revenue from the Federal Government and payments in lieu of parkland and building permit fees under the authority of provincial legislation and Municipal by-laws. These funds are restricted in their use and until applied to the applicable expenditures are recorded as deferred revenue.
- (viii) Taxation and related revenues  
Property tax billings are prepared by the Municipality 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 Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known. The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.
- (ix) Pensions and employee benefits  
The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the Municipality's employ.
- (x) Use of estimates  
The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 financial statements, and the reported amounts of revenues and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Municipality may undertake in the future. Significant accounting estimates include valuation allowances for accounts receivable, estimated useful lives of tangible capital assets and solid waste landfill closure and post-closure liabilities. Actual results could differ from these estimates.

# THE CORPORATION OF THE TOWNSHIP OF STRONG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2010

### 2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

Further to Note 1(a)(ii), the following contributions were made by the Municipality to these boards:

	2010	2009
District of Parry Sound Social Services Administration Board	\$ 135,476	\$ 154,892
North Bay Parry Sound District Health Unit	38,865	38,267
District of Parry Sound (East) Home for the Aged	46,991	32,290
	<b>\$ 221,332</b>	<b>\$ 225,449</b>

The Municipality is contingently liable for its share, if any, of the accumulated deficits as at the end of the year for these boards. The Municipality's share of the accumulated surpluses (or deficits) of these boards has not been determined at this time.

The Municipality is also contingently liable for its share, if any, of the long-term liabilities issued by other municipalities for these boards. The Municipality's share of these long-term liabilities has not been determined at this time.

### 3. TRANSACTIONS ON BEHALF OF OTHERS

(a) During the year, \$634,336 of taxation was collected on behalf of school boards (2009 \$621,973).

(b) Trust funds administered by the Municipality amounting to \$130,223 (2009 \$125,533) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations. As such balances are held in trust by the Municipality for the benefit of others, they are not presented as part of the Municipality's financial position or operations.

### 4. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The balance of deferred revenue-obligatory reserve funds reported on the Consolidated Statement of Financial Position is made up of the following:

	2010	2009
Recreational land (the Planning Act)	\$ 74,119	\$ 139,354
Building Code Act	105,047	1,421
Federal Gas Tax	82,948	1,074
	<b>\$ 262,114</b>	<b>\$ 141,849</b>

## THE CORPORATION OF THE TOWNSHIP OF STRONG

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2010

#### 5. MUNICIPAL DEBT

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

	2010	2009
Royal Bank of Canada term loan, repaid in 2010	\$ -	\$ 60,692
Proportionate share of Medical Centre loan from the Village of Sundridge, due August 2012, repayable in monthly payments of \$2,032 including interest calculated at 6.0%	19,306	29,991
Ontario Infrastructure Projects Corporation serial debenture, due November 2015, repayable in semi-annual principal payments of \$16,838 plus interest calculated at 2.31%	168,379	-
	<b>\$ 187,685</b>	<b>\$ 90,683</b>

(b) Future estimated principal and interest payments on the municipal debt are as follows:

	Principal	Interest
2011	\$ 45,019	\$ 4,542
2012	41,639	3,105
2013	33,676	2,138
2014	33,676	1,366
2015	33,675	578
	<b>\$ 187,685</b>	<b>\$ 11,729</b>

(c) Total charges for the year for municipal debt which are reported in the financial statements are as follows:

	2010	2009
Principal payments	\$ 71,377	\$ 96,899
Interest	3,748	8,733
	<b>\$ 75,125</b>	<b>\$ 105,632</b>

The annual principal and interest payments required to service the Municipality's debt are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

# THE CORPORATION OF THE TOWNSHIP OF STRONG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2010

6. CREDIT FACILITY AGREEMENT

The Municipality has credit facility agreement with the Royal Bank of Canada of \$100,000 (2009 \$100,000) which was unused at the end of the year. As security, the Municipality has pledged its revenue.

7. LONG-TERM COMMITMENTS

Municipal commitments, which are accounted for on the Consolidated Statement of Financial Position at the present value of future payments, using an estimated long-term borrowing rate of 4%, are as follows:

	2010	2009
- North Bay Regional Health Centre \$75,000 payable over ten years (2005-2014)	\$ 30,000	\$ 37,500
Less amount representing interest	(2,776)	-
	<b>\$ 27,224</b>	<b>\$ 37,500</b>

8. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and employees may become entitled to a cash payment when they leave the Municipality's employment. The liability for these accumulated days amounted to \$36,618 (2009 \$27,566) at the end of the year.

## THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2010

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### 9. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final cover and landscaping of the landfill sites, management of groundwater and leachates, and ongoing environmental monitoring and site inspection and maintenance. Estimated expenditures related to the closure and subsequent maintenance of the sites are recognized in the financial statements over the operating life of the sites, in proportion to their utilized capacity.

The Municipality is currently responsible for two waste disposal sites as outlined below.

#### Forest Lake Road Landfill Site

The liability for this landfill site is recorded at \$115,984 (2009 \$277,200) and represents the present value of closure and post-closure costs for 11% of the total site area, using an estimated long-term borrowing rate of 2.31% (2009 2.0%) and inflation rate of 2.1% (2009 2.0%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$1,033,804 (2009 \$2,518,164), leaving an amount to be recognized of \$917,820 (2009 \$2,240,964). The estimated remaining capacity of the site is approximately 376,000 cubic metres, estimated to be filled in 420 years. Post-closure care is estimated to be required for a period of 25 years.

#### Muskoka Road Landfill Site

The liability for this landfill site is recorded at \$64,425 (2009 \$72,400) and represents the present value of closure and post-closure costs for 53% of the total site area, using an estimated long-term borrowing rate of 2.31% (2009 2.0%) and inflation rate of 2.1% (2009 2.0%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$120,707 (2009 \$138,151), leaving an amount to be recognized of \$56,282 (2009 \$65,751). The estimated remaining capacity of the site is approximately 43,400 cubic metres, estimated to be filled in 47 years. Post-closure care is estimated to be required for a period of 25 years.

As a result of changes to assumptions made in 2010 relating to the borrowing rate and the inflation rate underlying the estimated liability, the estimated liability has been reduced by approximately \$183,000.

The Municipality has reserves of \$91,538 (2009 \$80,538) related to its landfill sites that could be used to fund this liability.

### 10. CONTINGENCIES

The Municipality has entered into an agreement with the Association of Municipalities of Ontario with respect to the transfer of federal gas tax revenues. The agreement contains specific provisions for the utilization of the funds, including a provision for repayment of a proportionate amount of funds in the event that, any time within 10 years from the date of completion of the eligible project the Municipality sells, leases, encumbers or otherwise disposes of, directly or indirectly any asset constructed, rehabilitated or improved, in whole or in part, with the financial assistance received under the terms of the agreement. At December 31, 2010, the Municipality has received a total of \$304,124 for the years 2005 to 2010, and has expended \$225,720 for the years 2005 to 2010.

# THE CORPORATION OF THE TOWNSHIP OF STRONG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2010

### 11. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the Municipality by major asset class are outlined below.

<b>2010</b>							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
<b>COST</b>							
Balance, beginning of year	\$ 577,281	\$ 1,774,186	\$ 1,018,789	\$ 1,502,237	\$ 13,288,162	\$ 156,027	\$ 18,316,682
Additions and betterments	48,725	303,067	375,879	4,079	-	-	731,750
Contributed assets	-	-	-	2,150	-	-	2,150
Disposals and writedowns	(173,899)	(3,037)	(47,135)	-	-	-	(224,071)
Transfer between classes	3,540	146,392	-	-	-	(149,932)	-
<b>BALANCE, END OF YEAR</b>	<b>455,647</b>	<b>2,220,608</b>	<b>1,347,533</b>	<b>1,508,466</b>	<b>13,288,162</b>	<b>6,095</b>	<b>18,826,511</b>
<b>ACCUMULATED AMORTIZATION</b>							
Balance, beginning of year	402,579	555,638	319,602	541,445	9,303,653	-	11,122,917
Annual amortization	6,328	39,924	77,914	104,588	707,039	-	935,793
Amortization disposals	(170,369)	(1,579)	(13,487)	-	-	-	(185,435)
<b>BALANCE, END OF YEAR</b>	<b>238,538</b>	<b>593,983</b>	<b>384,029</b>	<b>646,033</b>	<b>10,010,692</b>	<b>-</b>	<b>11,873,275</b>
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 217,109</b>	<b>\$ 1,626,625</b>	<b>\$ 963,504</b>	<b>\$ 862,433</b>	<b>\$ 3,277,470</b>	<b>\$ 6,095</b>	<b>\$ 6,953,236</b>

<b>2009</b>							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
<b>COST</b>							
Balance, beginning of year	\$ 559,481	\$ 1,514,804	\$ 897,080	\$ 1,381,638	\$ 13,252,063	\$ 19,594	\$ 17,624,660
Additions and betterments	17,800	259,382	126,784	281,549	22,600	149,932	858,047
Disposals and writedowns	-	-	(5,075)	(160,950)	-	-	(166,025)
Transfer between classes	-	-	-	-	13,499	(13,499)	-
<b>BALANCE, END OF YEAR</b>	<b>577,281</b>	<b>1,774,186</b>	<b>1,018,789</b>	<b>1,502,237</b>	<b>13,288,162</b>	<b>156,027</b>	<b>18,316,682</b>
<b>ACCUMULATED AMORTIZATION</b>							
Balance, beginning of year	384,047	522,748	257,814	577,103	8,420,269	-	10,161,981
Annual amortization	18,532	32,890	66,863	98,467	883,384	-	1,100,136
Amortization disposals	-	-	(5,075)	(134,125)	-	-	(139,200)
<b>BALANCE, END OF YEAR</b>	<b>402,579</b>	<b>555,638</b>	<b>319,602</b>	<b>541,445</b>	<b>9,303,653</b>	<b>-</b>	<b>11,122,917</b>
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 174,702</b>	<b>\$ 1,218,548</b>	<b>\$ 699,187</b>	<b>\$ 960,792</b>	<b>\$ 3,984,509</b>	<b>\$ 156,027</b>	<b>\$ 7,193,765</b>

# THE CORPORATION OF THE TOWNSHIP OF STRONG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2010

### 12. ACCUMULATED SURPLUS

The 2010 continuity of accumulated surplus reported on the Consolidated Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
<b>RESERVES AND RESERVE FUNDS</b>			
Working capital	\$ 544,173	\$ (153,724)	\$ 390,449
AHIC sale proceeds	40,360	(40,360)	-
Roads	36,123	5,000	41,123
Airport	2,402	2,000	4,402
Landfill closure	80,538	11,000	91,538
Berriedale Cemetery	1,139	-	1,139
Strong Cemetery	2,222	-	2,222
Medical Centre	14,001	18,499	32,500
Arena	6,424	-	6,424
Library	1,525	-	1,525
	<b>728,907</b>	<b>(157,585)</b>	<b>571,322</b>
<b>OTHER</b>			
Consolidated tangible capital assets	7,193,765	(240,529)	6,953,236
General operating surplus (deficit) -			
Municipality	(161,875)	242,895	81,020
Airport	50	2,975	3,025
Berriedale Cemetery	6,616	222	6,838
Pevensey Cemetery	3,044	(135)	2,909
Strong Cemetery	8,622	(79)	8,543
Arena	7,733	16,941	24,674
Library	4,723	1,710	6,433
Medical Centre	(30,566)	4,539	(26,027)
Unfunded amounts -			
Municipal debt	(90,683)	(97,002)	(187,685)
Accrued interest	-	(639)	(639)
Long-term commitments	(37,500)	10,276	(27,224)
Employee benefits payable	(27,566)	(9,052)	(36,618)
Landfill closure and post-closure liabilities	(349,600)	169,191	(180,409)
	<b>\$ 7,255,670</b>	<b>\$ (56,272)</b>	<b>\$ 7,199,398</b>

# THE CORPORATION OF THE TOWNSHIP OF STRONG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2010

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### 13. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule of segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

#### General Government

This segment includes Council, Clerk's Department, and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

#### Protection to Persons and Property

This segment includes fire, police, building inspection, and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

#### Transportation Services

Transportation services include roadway systems, winter control and airport.

#### Environmental Services

This segment includes solid waste management.

#### Health Services

This segment includes cemeteries, ambulance services as well as payments to the district health unit.

#### Social and Family Services

This segment consists primarily of payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly.

#### Recreation and Culture

This segment includes parks, recreation programs, recreation facilities and library services.

#### Planning and Development

This segment includes activities related to planning, zoning and economic development.

#### Unallocated Amounts

Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and the municipality's annual Ontario Municipal Partnership Fund unconditional grant.

In the preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of administrative time to specific segments.

# THE CORPORATION OF THE TOWNSHIP OF STRONG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2010

### 13. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

#### FOR THE YEAR ENDED DECEMBER 31, 2010

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
<b>REVENUE</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,748,855	\$ 1,748,855
User charges	1,080	6,299	-	22,710	4,986	-	34,063	(9,681)	-	59,457
Government transfers -										
Canada	67,869	-	529	-	-	-	33,985	-	-	102,383
Ontario	78,247	6,431	2,683	88,993	140,418	-	43,525	-	361,362	721,659
Other municipalities	-	30,796	-	89,715	2,450	-	426	-	-	123,387
Writedown of landfill closure and post-closure liability	-	-	-	169,191	-	-	-	-	-	169,191
Loss on disposal of capital assets	-	-	(1,457)	(37,179)	-	-	-	-	-	(38,636)
Other	6,194	117,645	16,015	30,479	46,427	-	99,475	-	85,030	401,265
<b>TOTAL REVENUE</b>	<b>153,390</b>	<b>161,171</b>	<b>17,770</b>	<b>363,909</b>	<b>194,281</b>	<b>-</b>	<b>211,474</b>	<b>(9,681)</b>	<b>2,195,247</b>	<b>3,287,561</b>
<b>EXPENSES</b>										
Salaries, wages and benefits	268,574	164,933	310,648	136,712	53,751	-	96,509	-	-	1,031,127
Long-term debt charges (interest)	639	-	-	-	2,842	1,603	-	-	-	5,084
Materials	61,139	51,809	402,836	42,957	25,812	-	74,342	150	-	659,045
Contracted services	98,666	150,052	17,998	25,667	157,316	-	17,764	1,559	-	469,022
Rents and financial expenses	10,236	34	3,350	-	5,232	-	3,578	-	-	22,430
External transfers	-	-	-	-	38,865	182,467	-	-	-	221,332
Interfunctional adjustments	(4,389)	2,889	-	-	-	-	1,500	-	-	-
Amortization	30,949	22,477	812,744	33,377	4,597	-	31,649	-	-	935,793
<b>TOTAL EXPENSES</b>	<b>465,814</b>	<b>392,194</b>	<b>1,547,576</b>	<b>238,713</b>	<b>288,415</b>	<b>184,070</b>	<b>225,342</b>	<b>1,709</b>	<b>-</b>	<b>3,343,833</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (312,424)</b>	<b>\$ (231,023)</b>	<b>\$(1,529,806)</b>	<b>\$ 125,196</b>	<b>\$ (94,134)</b>	<b>\$ (184,070)</b>	<b>\$ (13,868)</b>	<b>\$ (11,390)</b>	<b>\$ 2,195,247</b>	<b>\$ (56,272)</b>

# THE CORPORATION OF THE TOWNSHIP OF STRONG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2010

### 13. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

#### FOR THE YEAR ENDED DECEMBER 31, 2009

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
<b>REVENUE</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,638,848	\$ 1,638,848
User charges	-	156	-	36,398	6,525	-	31,252	11,831	-	86,162
Government transfers -										
Canada	48,797	-	144,999	96,164	-	-	3,012	-	-	292,972
Ontario	60,244	11,939	2,989	111,622	144,577	-	10,900	-	384,600	726,871
Other municipalities	-	29,799	9,588	88,265	450	-	426	10,696	-	139,224
Gain on disposal of capital assets	-	-	20,875	-	-	-	-	-	-	20,875
Other	37,148	54,827	13,218	830	46,360	-	28,059	-	42,376	222,818
<b>TOTAL REVENUE</b>	<b>146,189</b>	<b>96,721</b>	<b>191,669</b>	<b>333,279</b>	<b>197,912</b>	<b>-</b>	<b>73,649</b>	<b>22,527</b>	<b>2,065,824</b>	<b>3,127,770</b>
<b>EXPENSES</b>										
Salaries, wages and benefits	294,500	103,595	285,561	130,034	53,182	-	88,884	-	-	955,756
Long-term debt charges (interest)	-	-	130	-	2,128	6,475	-	-	-	8,733
Materials	60,094	49,856	594,691	26,489	38,704	-	68,612	389	-	838,835
Contracted services	88,514	127,641	159,935	32,057	149,981	-	14,595	1,169	-	573,892
Rents and financial expenses	278	-	2,352	-	5,830	-	3,682	-	-	12,142
External transfers	-	-	-	-	38,267	187,181	-	-	-	225,448
Amortization	25,492	17,757	981,373	41,939	5,015	-	28,560	-	-	1,100,136
<b>TOTAL EXPENSES</b>	<b>468,878</b>	<b>298,849</b>	<b>2,024,042</b>	<b>230,519</b>	<b>293,107</b>	<b>193,656</b>	<b>204,333</b>	<b>1,558</b>	<b>-</b>	<b>3,714,942</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (322,689)</b>	<b>\$ (202,128)</b>	<b>\$ (1,832,373)</b>	<b>\$ 102,760</b>	<b>\$ (95,195)</b>	<b>\$ (193,656)</b>	<b>\$ (130,684)</b>	<b>\$ 20,969</b>	<b>\$ 2,065,824</b>	<b>\$ (587,172)</b>

## THE CORPORATION OF THE TOWNSHIP OF STRONG

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2010

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#### 14. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

	Budget
<b>ADOPTED BUDGET:</b>	
Increase in general municipal operating surplus	\$ 161,478
Decrease in municipal reserves and reserve funds	(189,585)
Decrease in board and joint board general operating surplus and reserves and reserve funds	(10,455)
<b>ADJUSTMENTS:</b>	
Budgeted acquisition of tangible capital assets	761,832
Amortization of tangible capital assets	(1,100,000)
Budgeted increase in municipal debt	(105,623)
Budgeted increase in landfill closure and post-closure liability	(13,500)
Budgeted decrease in long-term commitments	7,500
<b>ANNUAL SURPLUS</b>	<b>\$ (488,353)</b>

#### 15. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain 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.

The amount contributed to OMERS for 2010 was \$40,739 (2009 \$28,237) for current service and is included as an expense on the Consolidated Statement of Operations.

#### 16. COMPARATIVE FIGURES

Certain prior year figures presented for comparative purposes have been reclassified to conform to the presentation adopted for the current year.