

**CORPORATION OF THE COUNTY
OF NORTHUMBERLAND**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009

**CORPORATION OF THE COUNTY
OF NORTHUMBERLAND**

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

For The Year Ended December 31, 2009

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the County of Northumberland 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 County 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 County's assets are appropriately accounted for and adequately safeguarded.

The County'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 County's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the County of Northumberland. 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 County. Collins Barrow Kawarthas LLP has full and free access to Council.

Warden 

Date July 14, 2010

Treasurer 

Date July 14, 2010

AUDITORS' REPORT**TO THE MEMBERS OF COUNCIL
INHABITANTS AND RATEPAYERS OF THE
CORPORATION OF THE COUNTY OF NORTHUMBERLAND**

We have audited the consolidated statement of financial position of the Corporation of the County of Northumberland 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 County'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 County 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 05, 2010

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2009

	2009 \$	Restated 2008 \$ (Note 2)
FINANCIAL ASSETS		
Cash	5,978,664	7,231,941
Accounts receivable	4,793,514	3,374,841
TOTAL FINANCIAL ASSETS	10,772,178	10,606,782
LIABILITIES		
Accounts payable and accrued liabilities	5,818,455	6,885,807
Long term debt (note 5)	15,866,023	13,805,463
Landfill closure and post-closure liability (note 6)	8,973,085	4,780,115
Employee future benefits liability (note 4)	1,182,001	1,064,392
TOTAL LIABILITIES	31,839,564	26,535,777
NET FINANCIAL LIABILITIES	(21,067,386)	(15,928,995)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	147,002,322	138,435,780
Prepaid expenses	205,462	291,395
TOTAL NON-FINANCIAL ASSETS	147,207,784	138,727,175
ACCUMULATED SURPLUS (note 7)	126,140,398	122,798,180

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

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	39,177,073	39,096,894	37,615,661
User charges	11,895,357	11,154,138	10,920,342
Government of Canada	980,950	2,936,383	1,121,634
Province of Ontario	20,924,393	23,606,123	24,274,508
Investment income	45,000	41,471	83,422
Donations	-	9,339	16,237
Rents	1,980,966	2,019,602	2,181,174
Federal gas tax	2,506,488	2,506,488	1,253,244
Waste Diversion Ontario grants	885,700	896,950	773,846
Provincial Offences Act charges	1,666,110	1,453,412	1,550,183
TOTAL REVENUES	80,062,037	83,720,800	79,790,251
EXPENSES			
General government	2,144,619	2,290,231	4,304,287
Protection services	1,959,511	2,017,977	1,287,924
Transportation services	9,603,897	13,327,805	12,250,446
Environmental services	10,198,930	14,334,337	9,559,124
Health services	9,388,766	9,400,521	8,577,848
Social and family services	30,175,073	30,539,784	29,629,523
Social housing	5,862,265	7,338,093	6,622,282
Economic development, tourism and forest	2,380,539	1,129,834	1,091,395
TOTAL EXPENSES	71,713,600	80,378,582	73,322,829
ANNUAL SURPLUS	8,348,437	3,342,218	6,467,422
ACCUMULATED SURPLUS - beginning of year	122,798,180	122,798,180	116,330,758
ACCUMULATED SURPLUS - end of year	131,146,617	126,140,398	122,798,180

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

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	8,348,437	3,342,218	6,467,422
Amortization of tangible capital assets	-	6,597,024	5,576,893
Acquisition of tangible capital assets	(8,266,678)	(15,163,566)	(9,477,702)
(Increase)/decrease in prepaid expenses	-	85,933	(59,839)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	81,759	(5,138,391)	2,506,774
NET FINANCIAL LIABILITIES - beginning of year	(15,928,995)	(15,928,995)	(18,435,769)
NET FINANCIAL LIABILITIES - end of year	(15,847,236)	(21,067,386)	(15,928,995)

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

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	3,342,218	6,467,422
(Increase)/decrease in accounts receivable	(1,418,673)	1,456,011
(Increase)/decrease in prepaid expenses	85,933	(59,839)
Decrease in accounts payable and accrued liabilities	(1,067,352)	(1,478,215)
Increase/(decrease) in landfill closure and post-closure liability	4,192,970	(41,294)
Increase in employee future benefits liability	117,609	228,944
Non-cash charges to operations		
Amortization of tangible capital assets	6,597,024	5,576,893
Net increase in cash from operating transactions	11,849,729	12,149,922
CAPITAL		
Acquisition of tangible capital assets	(15,163,566)	(9,477,702)
FINANCING		
Long term debt issued	2,854,744	2,271,061
Debt principal repayments	(794,184)	(642,719)
Net increase in cash from financing transactions	2,060,560	1,628,342
INCREASE/(DECREASE) IN CASH	(1,253,277)	4,300,562
CASH - beginning of year	7,231,941	2,931,379
CASH - end of year	5,978,664	7,231,941

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

The County of Northumberland is an upper 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 County and which are owned and controlled by the County. These financial statements include:

- Northumberland County Housing Corporation

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

(b) Trust Funds

Trust funds and their related operations administered by the County are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) 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, commencing in the year of acquisition except for road surface betterments where amortization commences in the year following construction, over the expected useful life of the asset, as follows:

Land improvements	10 years
Buildings	50 years
Roadways	20 to 75 years
Equipment and computers	5 to 20 years
Vehicles	5 to 10 years

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) 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.

(e) Non-financial Assets

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

(f) Deferred Revenue

Deferred revenue represents 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 revenue in the fiscal year the services are performed.

(g) 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.

(h) 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 County's best information and judgment. Such amounts are not expected to change materially in the near term.

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs.
- 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 benefits depend on certain actuarial and economic assumptions.
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

(i) Financial Instruments

The County's financial instruments consist of cash, accounts receivable, 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 County does not have any significant concentration of interest, currency or credit risk.

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

2. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY

The County 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. In addition the County had an actuarial study completed on employee future benefits as a Schedule II employer for the Workplace Safety and Insurance Board. Both of these changes have been applied retroactively with restatement. Adjustments necessary to the 2008 financial information as a result of these changes are as follows:

Adjustment to 2008 Tangible Capital Assets

Assets previously expensed to December 31, 2008	\$ 220,566,112
Accumulated amortization to December 31, 2008, not previously recorded	<u>(82,130,332)</u>
Closing 2008 and opening 2009 net book value of tangible capital assets as restated	<u>\$ 138,435,780</u>

Adjustment to Opening 2008 Accumulated Surplus

Accumulated surplus as previously stated	
Current fund	\$ 4,279
Capital fund	(4,486,733)
Reserves	<u>4,112,218</u>
	(370,236)
Net book value of tangible capital assets at January 1, 2008	134,534,971
Long-term debt related to tangible capital assets	(12,177,120)
Unfunded landfill closure and post-closure liability	(4,821,409)
Unfunded employee future benefits liability	<u>(835,448)</u>
Opening 2008 accumulated surplus as restated	<u>\$ 116,330,758</u>

Adjustment to 2008 Annual Surplus

2008 annual surplus as previously stated	\$ 2,795,555
Add: Assets capitalized but previously expensed	9,477,702
Less: Amortization expense not previously recorded	(5,576,891)
Employee future benefits expense not previously recorded	<u>(228,944)</u>
2008 annual surplus as restated	<u>\$ 6,467,422</u>

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

3. TANGIBLE CAPITAL ASSETS

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

	2009	2008
	\$	\$
General		
Land	11,632,444	11,632,444
Land improvements	-	6,495
Buildings	30,142,103	30,281,006
Equipment and computers	6,024,889	6,183,402
Vehicles	4,972,992	4,777,051
Infrastructure		
Roads and bridges	86,396,156	85,555,382
	139,168,584	138,435,780
Assets under construction	7,833,738	-
	147,002,322	138,435,780

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).

4. EMPLOYEE FUTURE BENEFITS LIABILITY

Under the Workplace Safety and Insurance Board (WSIB), the County is self-insured (Schedule II) and remits payments to the WSIB as required to fund disability payments. The liability recorded by the County has been determined by an actuarial review completed as of December 31, 2008. This liability is fully funded by a reserve set aside for this purpose and reported as part of the employee health, safety and related costs reserve as reported in the Accumulated Surplus note.

The actuarial report for the WSIB liability was based on the following assumptions:

Interest discount rate	5%
WSIB administration and physician fees	27%
Expected level of employee cost increases	9.5%

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

5. 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
	\$	\$
Long term bank loan, due July 2012, repayable in blended monthly instalments of \$4,030 and bears interest at 5.072% per annum.	304,519	336,768
Long term bank loan, due September 2017, repayable in monthly principal instalments of \$32,428, plus interest at 4.93% per annum.	8,852,935	9,242,076
Ontario Strategic Infrastructure Financing Authority due January 2017, repayable in blended semi annual instalments of \$141,723 and bears interest at 4.43% per annum.	1,792,081	1,989,552
Ontario Strategic Infrastructure Financing Authority due March 15, 2028, repayable in blended semi annual instalments of \$89,862 and bears interest at 4.92% per annum.	2,166,550	2,237,067
Ontario Infrastructure Projects Corporation due March 1, 2019, repayable in blended semi annual instalments of \$127,039 and bears interest at 4.37% per annum.	1,958,205	-
Ontario Infrastructure Projects Corporation due March 1, 2014, repayable in blended semi annual instalments of \$26,137 and bears interest at 3.15% per annum.	217,733	-
Ontario Infrastructure Projects Corporation due September 15, 2019, repayable in blended semi annual instalments of \$35,104 and bears interest at 4% per annum.	574,000	-
	<u>15,866,023</u>	<u>13,805,463</u>

- (b) The long term debt in (a) issued in the name of the County 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.
- (c) Interest paid during the year on long term debt amounted to \$707,560 (2008 - \$635,391).

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

5. LONG TERM DEBT, continued

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

	Principal \$	Interest \$	Total \$
2010	967,181	737,713	1,704,894
2011	992,755	692,955	1,685,710
2012	1,217,117	642,726	1,859,843
2013	1,008,038	590,935	1,598,973
2014	1,009,041	544,611	1,553,652
	5,194,132	3,208,940	8,403,072
2015 and subsequent years	10,671,891	1,730,730	12,402,621
	15,866,023	4,939,670	20,805,693

6. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The liability for landfill closure and post-closure costs of \$8,973,085 (2008 - \$4,780,115) has been estimated using discounted future cash flows associated with closure and post-closure care activities for the County's two operational sites and the eight closed sites the County has obtained from the lower tier municipalities by way of a settlement process, see Note 14. The closure costs include land acquisitions, final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. The landfill closure and post-closure liability will be funded from taxation. There are no specific assets designated for settling this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining life of the landfill. The total discounted future cash flows for closure and post-closure cost is estimated at \$12,587,712 (2008 - \$6,917,285) as at December 31, 2009.

The remaining capacity of the two operational landfill sites is estimated at 339,741 m³ (2008 - 321,669 m³) which is 50.54% (2008 - 50%) of the sites' total capacity. The landfills are expected to reach their capacity in 2013 and 2015, which is an increase in time frames from previous estimates.

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

7. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2009	2008
	\$	\$
Surplus/(Deficit)		
County operations	180,339	95,408
Unfunded landfill closure and post-closure liability	(8,973,085)	(4,780,115)
Unfunded employee future benefits liability	(1,182,001)	(1,064,392)
	<u>(9,974,747)</u>	<u>(5,749,099)</u>
Invested In Capital Assets		
Tangible capital assets - net book value	147,002,322	138,435,780
Long term debt	(15,866,023)	(13,805,463)
Unfunded capital	(4,334,017)	(3,422,606)
	<u>126,802,282</u>	<u>121,207,711</u>
Surplus	<u>116,827,535</u>	<u>115,458,612</u>
Reserves		
Working funds	738,277	738,277
Corporate services	340,000	100,000
Transportation services	1,308,460	1,720,131
Waste services	526,203	126,203
Social services	604,000	24,000
Social housing	2,341,381	1,872,826
Golden Plough Lodge	64,754	11,045
Ambulance services	1,000,743	876,166
Technological development	190,000	-
Emergency planning	60,050	57,000
Employee health, safety and related costs	2,138,995	1,813,920
	<u>9,312,863</u>	<u>7,339,568</u>
Total Reserves	<u>126,140,398</u>	<u>122,798,180</u>

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

8. 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	27,763,487	26,894,814	25,573,980
Interest charges	951,736	707,560	635,391
Materials	13,751,346	12,159,396	14,961,403
Contracted services	8,013,023	12,521,627	5,766,052
Rents and financial	250,035	206,231	197,443
External transfers	20,983,973	21,291,930	20,611,667
Amortization	-	6,597,024	5,576,893
	71,713,600	80,378,582	73,322,829

9. PENSION AGREEMENTS

The County 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 \$1,180,490 (2008 - \$1,185,352).

10. TRUST FUNDS

Trust funds administered by the County amounting to \$235,461 (2008 - \$231,363) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the County for the benefit of others, they are not presented as part of the County financial position or operations.

11. BUDGET FIGURES

The budget, approved by the County, 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.

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

12. CREDIT FACILITY AGREEMENT

The County has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$7,500,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less 0.5% per annum. Council authorized the temporary borrowing limit by by-law 04-09. At December 31, 2009 there was a balance outstanding of \$Nil.

13. CONTINGENT LIABILITIES

The County, 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.

14. COMMITMENTS

- (a) The County assumed the assets and liabilities of the waste management systems of the lower tier municipalities on January 1, 1991 according to by-law 24-90. This by-law was passed pursuant to subsection 209(a) of the Municipal Act of the Province of Ontario which required the County to pay or to receive from the lower tier municipalities' compensation based upon the discounted future cash flows of the landfill site. The County is involved with ongoing negotiations with respect to the settlements for further sites.
- (b) During the year, the County approved the borrowing of funds from the Ontario Infrastructure Projects Corporation for various projects as follows: \$1,164,152 for landfill cell development and received in 2010, \$130,161 for Golden Plough Lodge tub replacement and received in 2010; and up to \$3,000,000 for 600 William Street of which \$1,500,000 has been received in 2010.
- (c) During the year, the County committed to building renovation project for 600 William Street in Cobourg for \$1,350,862, including changes to December 31, 2009. The remaining outstanding commitment on this contract at December 31, 2009 is \$681,528. This project is being funded by long term debt, see (b) above.

15. SEGMENTED INFORMATION

The County of Northumberland is a municipal government institution that provides a range of services to its citizens. County 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 Segment Disclosure.

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

15. SEGMENTED INFORMATION, continued

General Government

General government consists of the activities of Council and general financial and administrative management of the County and its programs and services including contributions to the Municipal Property Assessment Corporation.

Protection Services

Protection services includes emergency measures and Provincial Offences Act charges.

Transportation Services

The activities of the transportation function includes maintenance and winter control of the County's roads and bridges.

Environmental Services

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

Health Services

The health services function consists of land ambulance services, plumbing inspections and contributions to the local health unit.

Social and Family Services

The social and family services consist of General Assistant to inhabitants, homes for the aged and child care services for the County.

Social Housing

The social housing services provides affordable housing to qualified inhabitants of the County.

Economic Development, Tourism and Forest

The function includes economic development and tourism operations and maintenance of the County forest.

16. COMPARATIVE FIGURES

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

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

17. SOCIAL HOUSING

The Northumberland County Housing Corporation was incorporated under Part III of The Ontario Business Corporations Act in response to the Province's overall initiative to devolve Social Housing to local municipalities. The corporation currently provides subsidized housing to its tenants and their families.

As the Service Manager, the County is now the sole shareholder of the Corporation.

On January 1, 2001 the Ontario Housing Corporation transferred 14 properties and certain head office assets to the Corporation. The properties transferred carried the following restriction:

“The properties cannot be transferred or mortgaged or otherwise encumbered, developed or redeveloped or disposed of by any person without prior consent of the Minister of Municipal Affairs and Housing.”

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

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

	General				Infrastructure		Assets Under Construction		Totals
	Land	Land Improvements	Buildings	Equipment and Computers	Vehicles	Roads and Bridges	Construction	Construction	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST									
Balance, beginning of year	11,632,444	129,909	47,357,158	10,034,921	7,598,508	143,813,172	-	-	220,566,112
Add: additions during the year	-	-	316,260	1,468,997	785,672	4,758,899	7,833,738	-	15,163,566
Balance, end of year	11,632,444	129,909	47,673,418	11,503,918	8,384,180	148,572,071	7,833,738	-	235,729,678
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	123,414	17,076,152	3,851,519	2,821,457	58,257,790	-	-	82,130,332
Add: additions during the year	-	6,495	455,163	1,627,510	589,731	3,918,125	-	-	6,597,024
Balance, end of year	-	129,909	17,531,315	5,479,029	3,411,188	62,175,915	-	-	88,727,356
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	11,632,444	-	30,142,103	6,024,889	4,972,992	86,396,156	7,833,738	-	147,002,322

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2009

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Economic Development, Tourism and Forest \$	Consolidated \$
Revenues									
Property taxation	2,967,332	309,551	9,889,460	2,956,892	6,041,438	11,619,900	4,021,696	1,290,625	39,096,894
User charges	96,040	-	2,236,098	5,895,483	46,562	2,838,255	40,404	1,296	11,154,138
Government transfers - operating	-	-	-	-	3,857,777	16,735,992	1,794,590	278,741	22,667,100
Government transfers - capital	916,666	-	2,958,740	-	-	-	-	-	3,875,406
Investment income	41,471	-	-	-	-	-	-	-	41,471
Donations	-	-	-	-	-	9,339	-	-	9,339
Rents	681,263	-	-	-	-	-	1,338,339	-	2,019,602
Federal gas tax	-	-	2,506,488	-	-	-	-	-	2,506,488
Waste Diversion Ontario grants	-	-	-	896,950	-	-	-	-	896,950
Provincial Offences Act charges	-	1,453,412	-	-	-	-	-	-	1,453,412
Total revenues	4,702,772	1,762,963	17,590,786	9,749,325	9,945,777	31,203,486	7,195,029	1,570,662	83,720,800
Expenses									
Salaries and benefits	2,653,311	474,013	2,561,404	3,271,923	6,387,834	10,763,756	369,809	412,764	26,894,814
Interest charges	447,891	-	85,974	111,860	-	45,717	16,118	-	707,560
Materials	1,793,721	591,752	2,541,917	2,597,226	748,064	1,953,526	1,480,503	452,687	12,159,396
Contracted services	1,905,807	1,044	2,694,687	6,941,422	42,272	417,621	324,741	194,033	12,521,627
Rents and financial	41,832	13,004	-	765	95,136	40,781	14,713	-	206,231
External transfers	2,000	-	-	-	1,654,838	16,140,774	3,494,318	-	21,291,930
Amortization	371,940	6,620	4,254,273	601,433	184,377	41,730	1,136,651	-	6,597,024
Internal transfers	(4,926,271)	931,544	1,189,550	809,708	288,000	1,135,879	501,240	70,350	-
Total expenses	2,290,231	2,017,977	13,327,805	14,334,337	9,400,521	30,539,784	7,338,093	1,129,834	80,378,582
Net surplus/(deficit)	2,412,541	(255,014)	4,262,981	(4,585,012)	545,256	663,702	(143,064)	440,828	3,342,218

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2008

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Economic Development, Tourism and Forest \$	Consolidated \$
Revenues									
Property taxation	3,750,898	-	9,484,912	2,870,769	5,720,379	11,202,761	3,861,390	724,552	37,615,661
User charges	128,714	77,762	1,260,445	6,228,512	388,752	2,680,403	115,417	40,337	10,920,342
Government transfers - operating	239,634	-	145,933	-	4,006,645	15,258,645	1,716,171	-	21,367,028
Government transfers - capital	-	-	4,029,114	-	-	-	-	-	4,029,114
Investment income	83,422	-	-	-	-	-	-	-	83,422
Donations	-	-	-	-	-	16,237	-	-	16,237
Rents	861,074	-	-	-	-	-	1,320,100	-	2,181,174
Federal gas tax	-	-	1,253,244	-	-	-	-	-	1,253,244
Waste Diversion Ontario grants	-	-	-	773,846	-	-	-	-	773,846
Provincial Offences Act charges	-	1,550,183	-	-	-	-	-	-	1,550,183
Total revenues	5,063,742	1,627,945	16,173,648	9,873,127	10,115,776	29,158,046	7,013,078	764,889	79,790,251
Expenses									
Salaries and benefits	2,012,132	492,241	2,580,134	3,414,791	5,816,853	10,495,698	409,309	352,822	25,573,980
Interest charges	467,295	-	94,440	34,415	-	21,453	17,788	-	635,391
Materials	2,031,088	580,505	3,994,205	2,851,929	704,814	2,459,361	1,917,813	421,688	14,961,403
Contracted services	1,407,513	147,629	1,369,881	2,511,102	31,352	58,599	-	239,976	5,766,052
Rents and financial	89,681	-	-	-	-	61,768	12,270	33,724	197,443
External transfers	-	5,000	-	-	1,642,239	15,731,082	3,233,346	-	20,611,667
Amortization	341,166	6,620	3,980,036	489,387	174,877	59,504	525,303	-	5,576,893
Internal transfers	(2,044,588)	55,929	231,750	257,500	207,713	742,058	506,453	43,185	-
Total expenses	4,304,287	1,287,924	12,250,446	9,559,124	8,577,848	29,629,523	6,622,282	1,091,395	73,322,829
Net surplus/(deficit)	759,455	340,021	3,923,202	314,003	1,537,928	(471,477)	390,796	(326,506)	6,467,422

AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE COUNTY OF NORTHUMBERLAND

We have audited the statement of financial position of the Trust Funds of the Corporation of the County of Northumberland as at December 31, 2009 and the statement of continuity of the Trust Funds for the year then ended. These financial statements are the responsibility of the County'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.

In common with many municipal trust funds, revenue is derived from residents the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Trust Funds and we were not able to determine whether any adjustments might be necessary to resident receipts, excess of receipts over expenses, assets and fund balances at the end of the year.

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 the Trust Funds receipts referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the County as at December 31, 2009 and the continuity of the Trust Funds 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 05, 2010

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2009

	Bequests \$	Safekeeping Pensioners \$	2009 Total \$	2008 Total \$
FINANCIAL ASSETS				
Cash	796	64,637	65,433	66,069
Investments (note 2)	180,572	-	180,572	175,838
	181,368	64,637	246,005	241,907
LIABILITIES AND TRUST FUND BALANCES				
CURRENT LIABILITIES				
Due to County	10,544	-	10,544	10,544
FUND BALANCES				
Restricted	170,824	64,637	235,461	231,363
	181,368	64,637	246,005	241,907

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2009

	Bequests \$	Safekeeping Pensioners \$	2009 Total \$	2008 Total \$
BALANCE - beginning of year	166,083	65,280	231,363	221,916
RECEIPTS				
Residents' contributions	-	154,461	154,461	192,471
Interest earned	4,741	461	5,202	9,214
	4,741	154,922	159,663	201,685
EXPENSES				
Residents' personal costs	-	154,904	154,904	189,916
Maintenance - County home	-	661	661	2,322
	-	155,565	155,565	192,238
BALANCE - end of year	170,824	64,637	235,461	231,363

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

TRUST FUNDS

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.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses 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.

(b) Financial Instruments

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

(c) 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 County's best information and judgment. Actual results could differ from these estimates.

2. INVESTMENTS

Investments totaling \$180,572 have a fair market value of the same amount. The investments consist of various short term, fixed income deposits.

