

**THE LOWER TRENT REGION
CONSERVATION AUTHORITY**

FINANCIAL STATEMENTS

December 31, 2009

THE LOWER TRENT REGION CONSERVATION AUTHORITY

INDEX

DECEMBER 31, 2009

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AUDITORS' REPORT

To the Members of

THE LOWER TRENT REGION CONSERVATION AUTHORITY

We have audited the statement of financial position of **THE LOWER TRENT REGION CONSERVATION AUTHORITY** as at December 31, 2009 and the statements of operations and surplus, changes in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the conservation authority'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 conservation authority as at December 31, 2009 and the results of its operations, the changes in its net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Trenton, Ontario
January 15, 2010


CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

THE LOWER TRENT REGION CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

	<u>2009</u>	<u>2008</u> (Restated - note 12)
FINANCIAL ASSETS		
Cash - note 2	\$ 3,479,134	\$ 4,204,611
Short term investments - note 3	60,073	59,939
Accounts receivable:		
Municipalities	2,520	3,750
Administered programs - note 4	5,073	-
Other	64,745	29,473
	<u>3,611,545</u>	<u>4,297,773</u>
LIABILITIES		
Accounts payable and accrued liabilities	134,631	149,746
Unearned revenue:		
General	118,395	52,617
Administered programs - note 4	2,958,182	3,676,702
Deferred contributions - note 5	21,825	21,776
	<u>3,233,033</u>	<u>3,900,841</u>
NET FINANCIAL ASSETS	<u>378,512</u>	<u>396,932</u>
NON-FINANCIAL ASSETS		
Tangible capital assets - schedule 4	<u>3,004,073</u>	<u>3,016,914</u>
ACCUMULATED SURPLUS	<u>\$ 3,382,585</u>	<u>\$ 3,413,846</u>
Represented by:		
Operating fund - schedule 3	\$ 93,800	\$ 112,220
Reserve funds - schedule 3, note 6	284,712	284,712
Equity in tangible capital assets	<u>3,004,073</u>	<u>3,016,914</u>
	<u>\$ 3,382,585</u>	<u>\$ 3,413,846</u>

Approved on behalf of the Board

Director_____
Director*(See accompanying notes)*

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THE LOWER TRENT REGION CONSERVATION AUTHORITY

STATEMENT OF OPERATIONS AND SURPLUS

YEAR ENDED DECEMBER 31, 2009

	Budget <u>2009</u>	Actual <u>2009</u>	Actual <u>2008</u> (Restated - Note 12)
REVENUE			
Government grants - provincial	\$ 133,330	\$ 133,329	\$ 133,329
Municipal levies - general	658,650	658,650	636,650
Municipal levies - special benefitting	15,000	14,797	17,103
Conservation services - trees	13,000	18,396	15,092
Legal enquiries, fill permits and plan review	62,000	60,445	64,542
Sundry revenue	110,050	186,032	173,396
Shell Canada - note 5	-	-	3,226
Other programs - note 7	2,259,648	2,492,184	2,342,337
Property rental	14,500	14,991	13,466
Interest	-	1,218	11,365
Donations	1,000	2,942	1,304
Goodrich Loomis Nature Camp	20,000	18,684	19,223
Gain on disposition of tangible capital assets	-	2,730	-
	<u>3,287,178</u>	<u>3,604,398</u>	<u>3,431,033</u>
EXPENDITURES			
Environment advisory services - schedule 1	354,000	336,255	330,085
Flood protection services - schedule 1	239,000	240,196	215,724
Conservation lands - schedule 2	258,600	229,696	225,326
Watershed restoration - schedule 2	381,050	319,444	351,807
Program - administration - schedule 2	254,000	270,045	255,939
Program - non eligible - schedule 1	81,000	57,049	47,797
Goodrich Loomis Nature Camp	20,000	18,684	19,772
Children's Water Festival	-	6,039	-
Streamgauge Network Rehabilitation	-	11	154
Source Water Protection - note 7	1,626,700	1,822,352	1,789,376
Source Protection - Early Action - note 7	332,948	51,989	20,731
Source Protection - Outreach and Education	-	5,397	14,339
Groundwater Technical Studies - note 7	-	208,684	225,681
Surface Water Technical Studies - note 7	-	172,187	42,258
Ontario Drinking Water Stewardship	-	33,220	-
Cost recoveries	(172,000)	(194,453)	(205,336)
Amortization	-	58,864	59,867
	<u>3,375,298</u>	<u>3,635,659</u>	<u>3,393,520</u>
ANNUAL SURPLUS (DEFICIT)	(88,120)	(31,261)	37,513
ACCUMULATED SURPLUS, beginning of year	<u>3,413,846</u>	<u>3,413,846</u>	<u>3,376,333</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 3,325,726</u>	<u>\$ 3,382,585</u>	<u>\$ 3,413,846</u>

(See accompanying notes)

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THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2009

	<u>Budget</u>	<u>2009</u>	<u>2008</u> (Restated - note 12)
Annual surplus (deficit)	\$ (88,120)	\$ (31,261)	\$ 37,513
Acquisition of tangible capital assets	-	(46,293)	(47,247)
Amortization of tangible capital assets	-	58,864	59,867
(Gain) loss on sale of tangible capital assets	-	(2,730)	-
Proceeds on sale of tangible capital assets	-	3,000	-
Increase (decrease) in net financial assets	(88,120)	(18,420)	50,133
Net financial assets, at beginning of year	<u>396,932</u>	<u>396,932</u>	<u>346,799</u>
Net financial assets, at end of year	<u><u>\$ 308,812</u></u>	<u><u>\$ 378,512</u></u>	<u><u>\$ 396,932</u></u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2009

	<u>2009</u>	<u>2008</u> (Restated - note 12)
CASH FLOWS FROM OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ (31,261)	\$ 37,513
Non-cash items:		
Amortization	58,864	59,867
(Gain)/loss on sale of tangible capital assets	(2,730)	-
Net changes in non-cash financial assets/financial liabilities:		
Accounts receivables - municipalities	1,230	575
Accounts receivables - other	(35,272)	28,478
Accounts payable and accrued liabilities	(15,115)	(211,170)
Unearned revenues - general	65,778	13,507
Unearned revenues - administered programs	(723,593)	2,055,998
Deferred contributions	49	(2,754)
	<u>(682,050)</u>	<u>1,982,014</u>
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(46,293)	(47,247)
Proceeds on disposal of tangible capital assets	3,000	-
	<u>(43,293)</u>	<u>(47,247)</u>
CASH FLOWS FROM INVESTING TRANSACTIONS		
Purchase of short-term investments	<u>(134)</u>	<u>(1,131)</u>
INCREASE (DECREASE) IN CASH	(725,477)	1,933,636
CASH, beginning of year	<u>4,204,611</u>	<u>2,270,975</u>
CASH, end of year	<u><u>\$ 3,479,134</u></u>	<u><u>\$ 4,204,611</u></u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY

SCHEDULE OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2009

	2009 <u>Budget</u>	2009 <u>Actual</u>	2008 <u>Actual</u> (Restated - note 12)
ENVIRONMENTAL ADVISORY SERVICES			
Monitoring/assessing watershed conditions	\$ 312,000	\$ 305,796	\$ 291,818
Dissemination of information - capital	8,000	3,328	2,882
Travel	-	3,992	6,793
Storm water management program	15,000	6,789	12,525
Oak Ridges Moraine Coalition	2,500	2,500	2,500
Groundwater monitoring	16,500	13,850	13,567
	<u>\$ 354,000</u>	<u>\$ 336,255</u>	<u>\$ 330,085</u>
FLOOD PROTECTION SERVICES			
Flood control structures			
Operation of FCS	\$ 21,000	\$ 19,915	\$ 18,375
Minor maintenance of FCS	26,750	15,855	14,327
Preventative maintenance of FCS	14,500	12,000	12,000
Erosion control structures			
Operation of ECS	5,000	7,915	6,375
Minor maintenance of ECS	3,500	3,000	3,000
Preventative maintenance of ECS	2,500	2,000	2,000
Flood forecasting & warning			
Data collection	32,000	29,680	28,201
Flood forecasting	33,500	31,844	35,382
Communications	29,500	28,562	25,796
Operation centre	21,500	30,348	28,264
Systems plan	18,250	22,862	15,196
Response to a flood	31,000	25,399	26,808
Trent River Flood Damage Reduction GPS Project	-	10,816	-
	<u>\$ 239,000</u>	<u>\$ 240,196</u>	<u>\$ 215,724</u>
PROGRAM - NON ELIGIBLE			
General maintenance - Conservation Lands	\$ 28,000	\$ 29,813	\$ 16,283
Bank interest and service charge	-	3,024	3,052
Vehicle and equipment maintenance	30,000	23,394	28,462
Vehicle and equipment lease purchase	23,000	818	-
	<u>\$ 81,000</u>	<u>\$ 57,049</u>	<u>\$ 47,797</u>

(See accompanying notes)

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THE LOWER TRENT REGION CONSERVATION AUTHORITY

SCHEDULE OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2009

CONSERVATION LANDS	2009 <u>Budget</u>	2009 <u>Actual</u>	2008 <u>Actual</u> (Restated - note 12)
Taxes	\$ 28,000	\$ 27,658	\$ 25,882
Insurance	12,000	11,822	10,950
Staff salaries	144,000	136,385	130,221
Planning and marketing	6,000	2,820	3,158
Workshop operational costs	12,000	12,838	11,183
Capital improvements	32,600	10,497	17,453
Travel and clothing	1,000	950	587
Staff training	1,000	253	844
Conservation services trees	13,000	18,469	13,913
Goodrich-Loomis conservation centre - capital	-	-	3,226
Goodrich-Loomis conservation centre - operations	9,000	7,867	7,909
Forest Management Plan	-	137	-
	<u>\$ 258,600</u>	<u>\$ 229,696</u>	<u>\$ 225,326</u>
WATERSHED RESTORATION			
Bay of Quinte Implementation Manager - note 7	300,000	\$ 172,648	\$ 171,212
Bay of Quinte Natural Heritage Strategy - note 7	-	248	-
Bay of Quinte Wildlife Habitat Monitoring - note 7	-	-	45,967
Bay of Quinte Contaminant Study - note 7	-	12,500	4,825
Bay of Quinte Fish and Wildlife - note 7	-	46,492	9,842
Bay of Quinte - Biocontaminants - note 7	-	5,073	-
Trent-Rice Lake Species at Risk	10,000	21,963	51,645
Caring for the Moraine - Northumberland	71,050	60,520	68,316
	<u>\$ 381,050</u>	<u>\$ 319,444</u>	<u>\$ 351,807</u>
PROGRAM - ADMINISTRATION			
Wages and benefits	\$ 170,000	\$ 175,158	\$ 167,188
Travel and allowances	24,000	25,855	24,306
Equipment purchase and rentals	2,000	1,087	641
Material and supplies	13,000	14,477	13,606
Rent and utility services	21,000	16,651	18,383
General expenses	24,000	36,817	31,815
	<u>\$ 254,000</u>	<u>\$ 270,045</u>	<u>\$ 255,939</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULE OF CONTINUITY OF OPERATING AND RESERVE FUNDS
YEAR ENDED DECEMBER 31, 2009

	<u>Budget</u>	<u>2009</u>	<u>2008</u> (Restated - note 12)
OPERATING FUND			
Balance beginning of year	\$ 112,220	\$ 112,220	\$ 137,087
Increase (decrease) in net financial assets	(88,120)	(18,420)	50,133
Appropriations from reserves	20,000	-	-
Appropriations to reserves	-	-	(75,000)
	<u>\$ 44,100</u>	<u>\$ 93,800</u>	<u>\$ 112,220</u>

	Balance, beginning <u>of year</u>	Appropriations from <u>Operations</u>	Appropriations to <u>Operations</u>	Balance, end <u>of year</u>
RESERVE FUNDS				
Reserve for Administration Facility	\$ 75,480	\$ -	\$ -	\$ 75,480
Reserve for Equipment	71,556	-	-	71,556
Reserve for Special Projects	32,676	-	-	32,676
Reserve for Workshop Facility	30,000	-	-	30,000
Reserve for Conservation Lands	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>75,000</u>
Total 2009	<u>\$ 284,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,712</u>
Total 2008	<u>\$ 209,712</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ 284,712</u>

(See accompanying notes)

SCHEDULE "4"

THE LOWER TRENT REGION CONSERVATION AUTHORITY
 SCHEDULE OF TANGIBLE CAPITAL ASSETS
 YEAR ENDED DECEMBER 31, 2009

Historical Costs:	Land \$	Buildings and structures \$	Bridges and dams \$	Roads, parking lots and trails \$	Furniture and fixtures \$	Equipment \$	Office equipment \$	Vehicles \$	Computer \$	2009 Total \$	2008 Total \$
Opening Balance	2,136,808	667,593	284,897	65,766	36,697	72,846	47,357	164,619	41,348	3,517,931	3,470,684
Additions	-	-	-	15,186	-	10,173	-	18,343	2,591	46,293	47,247
Disposals	-	-	-	-	-	(7,000)	-	(15,078)	-	(22,078)	-
Closing Balance, Dec 31	2,136,808	667,593	284,897	80,952	36,697	76,019	47,357	167,884	43,939	3,542,146	3,517,931
Accumulated Amortization:											
Opening Balance	-	120,022	134,235	10,704	20,726	58,483	21,714	108,998	26,135	501,017	441,150
Amortization Expense	-	13,689	3,766	1,567	3,194	3,887	7,693	19,362	5,706	58,864	59,867
Effects of Disposals	-	-	-	-	-	(6,986)	-	(14,822)	-	(21,808)	-
Closing Balance Dec 31	-	133,711	138,001	12,271	23,920	55,384	29,407	113,538	31,841	538,073	501,017
Net book value for year ended December 31, 2009	2,136,808	533,882	146,896	68,681	12,777	20,635	17,950	54,346	12,098	3,004,073	3,016,914

THE LOWER TRENT REGION CONSERVATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Lower Trent Region Conservation Authority are prepared in accordance with generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by The Lower Trent Region Conservation Authority are as follows:

Basis of Accounting

Revenue and expenditures are recorded on the accrual basis, whereby they are reflected in the accounts in the year in which they have been earned and incurred, respectively, whether or not such transactions have been settled by the receipt or payment of money.

Appropriations to Reserves

Authorities may establish reserves by appropriating amounts to earmark them for specific purposes. Appropriations to or from reserves are reported on the statement of operations and surplus as appropriations from or to surplus.

Revenue Recognition

The Authority recognizes revenue as follows:

Municipal levies - general are recognized in the fiscal year in which they are levied.

The Provincial government annual operating grant is recognized in the fiscal year to which the grant relates to the extent that eligible expenditures have been incurred.

User fees and sales are recognized when the service has been performed or the goods have been transferred.

Other grants and specified donations are recognized when the related net expenditures have been incurred.

General donations are recognized when received.

Any funding received for which the related services have not been performed and/or the related expenditures have not been incurred at the end of the fiscal year are recorded as unearned revenue.

THE LOWER TRENT REGION CONSERVATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible Capital Assets

Tangible capital assets, are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a declining balance basis commencing the year the asset is put in to service. Donated tangible capital assets are reported at fair value at the time of donation. Amortization rates are as follows:

Buildings and structures	2.5%
Bridges and dams	2.5%
Roads, parking lots and trails	2.5%
Furniture and fixtures	20%
Equipment	20%
Office equipment	30%
Vehicles	30%
Computer software	30%
Computer hardware	45%

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 statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH

Cash includes \$365,136 (2008 - \$626,060) in deposits held in trust for the Source Water Protection program. These funds are segregated and any interest earned is considered to be a contribution to the program.

3. SHORT TERM INVESTMENTS

Short term investments include \$21,825 (2008 - \$21,776), which is restricted in use as described in Note 5. The short term investment is valued at cost. The market value of the investment is equivalent to its cost.

THE LOWER TRENT REGION CONSERVATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

4. ADMINISTERED PROGRAMS

The Authority is administering various non-authority programs on behalf of outside organizations. The Authority is advanced funds to cover the expenditures of these programs. At December 31 the Authority had the following unearned revenue relating to these programs:

	<u>2009</u>	<u>2008</u>
Bay of Quinte Natural Heritage Strategy	\$ 40,745	\$ 30,993
Bay of Quinte Implementation Manager	83,006	129,594
Bay of Quinte Mohawk Report	603	603
Bay of Quinte Work Planning	908	908
Bay of Quinte Fish and Wildlife	25,697	23,658
Source Protection Early Action	267,738	319,529
Streamgauge Network Rehabilitation	626	637
Groundwater Technical Studies	88,198	296,702
Surface Water Technical Studies	5,614	177,698
Source Water Protection	249,566	502,252
Source Protection - Technical Studies	<u>2,195,481</u>	<u>2,194,128</u>
	<u>\$2,958,182</u>	<u>\$3,676,702</u>

At December 31, 2009, the Authority had the following amounts receivable related to these programs.

	<u>2009</u>	<u>2008</u>
Bay of Quinte - Biocontaminants	\$ 5,073	\$ -

5. DEFERRED CONTRIBUTIONS

	<u>Goodrich Loomis</u>
Balance December 31, 2008	\$ 21,776
Interest earned on amount	49
Expended in year	<u>-</u>
Balance, December 31, 2009	<u>\$ 21,825</u>

The Authority received contributions in a prior year from Shell Canada that are restricted in their expenditure.

	<u>Goodrich Loomis</u>
Income recognized in year	<u>\$ -</u>

6. RESERVES

Appropriations to or from the reserve for equipment, the reserve for administration facility, reserve for workshop facility, reserve for conservation lands and reserve for special projects are specific decisions of the Authority.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

7. REVENUES AND EXPENDITURES - ADMINISTERED PROGRAMS

Revenues and expenditures of the programs are summarized as follows:

	Revenues Unearned 31/12/08	Funds Received in year	Revenues Unearned 31/12/09	Revenues	Expenditures
Bay of Quinte RAP Implementation Manager	\$ 129,594	\$ 126,060	\$ 83,006	\$ 172,648	\$ 172,648
Bay of Quinte Natural Heritage Strategy	30,993	10,000	40,745	248	248
Bay of Quinte Biocontaminants	-	-	(5,073)	5,073	5,073
Bay of Quinte Work Plan	908	-	908	-	-
Bay of Quinte Contaminant Study	-	12,500	-	12,500	12,500
Bay of Quinte Mohawk Report	603	-	603	-	-
Bay of Quinte Fish and Wildlife	23,658	48,531	25,697	46,492	46,492
Source Protection - Early Action	319,529	198	267,738	51,989	51,989
Groundwater Technical Studies	296,702	180	88,198	208,684	208,684
Surface Water Technical Studies	177,698	103	5,614	172,187	172,187
Source Water Protection	502,252	1,569,666	249,566	1,822,352	1,822,352
Source Protection - Technical Studies	2,194,128	1,353	2,195,481	-	-
Streamgauge Network Rehabilitation	637	-	626	11	11
	<u>\$ 3,676,702</u>	<u>\$ 1,768,591</u>	<u>\$ 2,953,109</u>	<u>\$ 2,492,184</u>	<u>\$ 2,492,184</u>

8. COMMITMENT

The Authority entered into an agreement with the vendor of the parcel of land composed of Part of Lot 27, 29, 30 and all of Lot 28, Concession 8, Municipality of Brighton. Under the terms of the agreement the vendor has retained a life lease on the subject property.

9. BUDGET AMOUNTS

The budget amounts have been presented for information purposes only and have not been audited. Certain expenditures in the budget amounts may include capital items and thus the budget amounts are not fully comparable to actual amounts.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

10. FINANCIAL INSTRUMENTS

The Authority's financial instruments consist of cash, short term investments, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of the financial instruments, excluding short-term investments approximate their carrying values because of their expected short-term maturities and treatment on normal trade terms. The fair value of short-term investments approximate their carrying value as the investment is in a T-bill fund for which the quoted price does not vary.

The Authority has an operating line of credit available from its banker to maximum of \$100,000 bearing interest at bank prime. The Authority has not drawn any funds on the line of credit.

11. PENSION AGREEMENTS

The Authority belongs to the Ontario Municipal Employees Retirement Funds (OMERS). OMERS is a defined benefit pension 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 are split equally between the employees and the Authority. The Authority's share of contributions included in expenditures in the statement of operations and surplus in these financial statements is \$73,674 (2008 - \$76,607).

12. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2009, the Authority adopted the recommendations of Section 3150 of the Public Sector Accounting Board Handbook which requires governments to record and amortize their tangible capital assets on their financial statements. The recommendations have been adopted retrospectively with restatement of comparative figures.

Adjustment to 2008 Accumulated Surplus

Accumulated surplus, as previously reported	\$ 396,932
Add:	
Net book value of tangible capital assets recorded	<u>3,016,914</u>
Accumulated surplus, as restated	<u>\$ 3,413,846</u>

Adjustments to 2008 Annual Surplus

Annual surplus, as previously reported	\$ 50,133
Add:	
Capital expenditures previously charged to expenditures	47,247
Less:	
Increase in amortization expense	<u>(59,867)</u>
Annual surplus, as restated	<u>\$ 37,513</u>