

Audited Financial Statements of

**CORPORATION OF THE  
TOWNSHIP OF SOUTH FRONTENAC**

Year ended December 31, 2010

# **CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC**

Year ended December 31, 2010

## **TOWNSHIP OF SOUTH FRONTENAC**

	Page
Management's Responsibility for Consolidated Financial Statements	1
<b>AUDITED FINANCIAL STATEMENTS</b>	
Independent Auditors' Report	2
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Municipal Surplus	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8
Consolidated Schedule of Segment Information	23

## **TRUST FUNDS**

Independent Auditors' Report	24
Statements of Financial Position	26
Statements of Continuity	27
Notes to Financial Statements	27

## **CEMETERY BOARDS**

Independent Auditors' Report	29
Statements of Financial Position	31
Statements of Operations and Accumulated Surplus	32
Notes to Financial Statements	33

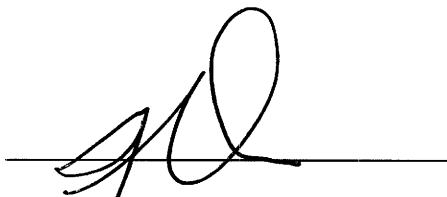
### **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of the Corporation of the Township of South Frontenac (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Township. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

A handwritten signature in black ink, appearing to read 'Wayne Orr', is written over a horizontal line. The signature is stylized and cursive.

Wayne Orr  
Chief Administrative Officer



**KPMG LLP**  
**Chartered Accountants**  
863 Princess Street Suite 400  
PO Box 1600 Stn Main  
Kingston ON K7L 5C8  
Canada

Telephone (613) 549-1550  
Fax (613) 549-6349  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of South Frontenac

We have audited the accompanying consolidated financial statements of the Corporation of the Township of South Frontenac, which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of operations and accumulated municipal surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated 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.

### *Auditors' 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 our 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, we consider 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 consolidated financial position of Corporation of the Township of South Frontenac as at December 31, 2010, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

A handwritten signature in black ink that reads "KPMG LLP". The letters are slanted and connected, with a long horizontal stroke underneath the entire signature.

Chartered Accountants, Licensed Public Accountants

November 1, 2011

Kingston, Canada

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

## Consolidated Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	2010	2009
<b>Financial assets:</b>		
Cash	\$ 9,615,987	\$ 13,835,729
Taxes receivable	2,606,138	2,228,454
Accounts receivable	3,729,810	889,029
Long-term investments (note 4)	551,635	542,575
Tile drainage loan receivable (note 16)	10,156	11,529
Sydenham Water Works debenture receivable (note 17)	399,652	412,065
Mortgage receivable (note 18)	88,390	99,889
Total financial assets	17,001,768	18,019,270
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	2,091,843	2,886,908
Deferred revenue	565,376	640,864
Deferred revenue – obligatory reserve funds (note 6)	3,093,340	3,773,864
Tile drainage debenture payable (note 16)	10,156	11,529
Sydenham Water Works debenture (note 17)	399,652	412,065
Landfill closure and post-closure liabilities (note 9)	935,484	870,343
Employee post employment benefit liability (note 7)	119,930	108,939
Total financial liabilities	7,215,781	8,704,512
Net financial assets	9,785,987	9,314,758
<b>Non-financial assets:</b>		
Inventory and prepaid expenses	265,560	238,571
Tangible capital assets	81,215,098	79,107,543
Total non-financial assets	81,480,658	79,346,114
Contingent liabilities (note 11)		
Commitments (note 12)		
Accumulated municipal surplus (note 10)	\$ 91,266,645	\$ 88,660,872

The accompanying notes are an integral part of these consolidated financial statements.

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Consolidated Statement of Operations and Accumulated Municipal Surplus

Year ended December 31, 2010, with comparative figures for 2009

	Budget (Unaudited, note 14)	2010	2009
<b>Revenue:</b>			
Property taxation	\$ 11,753,049	\$ 11,930,494	\$ 11,641,459
User charges	792,760	1,097,341	1,044,674
Licenses, permits and rents	610,625	644,786	493,452
Government grants	5,029,700	5,918,921	4,188,899
Grants from other municipalities	963,760	890,291	715,540
Investment income	74,000	75,169	76,140
Penalties and interest on taxes	350,000	381,074	362,194
Donations	1,000	56,274	40,745
Gain on sale of capital assets	—	—	146,768
Utilized obligatory reserve funds	—	364,135	—
Other	247,823	133,976	246,437
<b>Total revenue</b>	<b>19,822,717</b>	<b>21,492,461</b>	<b>18,956,308</b>
<b>Expenses (note 13):</b>			
General government	2,609,796	2,172,919	1,145,675
Fire	859,870	1,187,730	1,248,935
Police	2,220,387	2,049,106	2,186,535
Conservation authority	166,422	163,285	143,516
Protective inspections and control	419,051	394,838	384,259
Emergency measures	1,100	1,574	93
Roadways and winter control	10,719,300	10,158,689	12,979,590
Street lighting	75,217	81,615	64,774
Waterworks	33,058	320,723	339,976
Garbage collection and disposal	1,637,120	1,500,594	1,528,365
Landfill closure and post-closure costs	—	65,141	132,056
Cemeteries	23,847	63,932	59,544
Parks, recreation and cultural services	699,989	647,960	706,389
Planning and development	177,932	78,582	248,117
<b>Total expenses</b>	<b>19,643,089</b>	<b>18,886,688</b>	<b>21,167,824</b>
<b>Annual surplus (deficit)</b>	<b>179,628</b>	<b>2,605,773</b>	<b>(2,211,516)</b>
Accumulated municipal surplus, beginning of year	—	88,660,872	90,872,388
<b>Accumulated municipal surplus, end of year</b>	<b>\$ 179,628</b>	<b>\$ 91,266,645</b>	<b>\$ 88,660,872</b>

The accompanying notes are an integral part of these consolidated financial statements.

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

## Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Annual surplus (deficit)	\$ 2,605,773	\$ (2,211,516)
Amortization of tangible capital assets	8,021,585	9,618,971
Acquisition of tangible capital assets	(10,195,138)	(8,163,430)
Proceeds on disposal of tangible capital assets	86,688	146,768
Change in inventories, prepaid expenses	(26,992)	1,671
Gain on sale of tangible capital assets	(20,687)	(146,768)
Write-down of tangible capital assets	-	170,753
	(2,134,544)	1,627,965
Change in net financial assets	471,229	(583,551)
Net financial assets, beginning of year	9,314,758	9,898,309
Net financial assets, end of year	\$ 9,785,987	\$ 9,314,758

The accompanying notes are an integral part of these consolidated financial statements.



# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

## Consolidated Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
<b>Operations:</b>		
Annual surplus (deficit)	\$ 2,605,773	\$ (2,211,516)
<b>Items not involving cash:</b>		
Amortization	8,021,585	9,618,971
Gain on sale of tangible capital assets	(20,687)	(146,768)
Write-down of tangible capital assets	–	170,753
Change in landfill liability	65,141	132,056
Change in employee benefit obligations	10,991	10,827
	10,682,803	7,574,323
<b>Change in non-financial assets:</b>		
Decrease (increase) in prepaid expenses	(26,992)	1,669
<b>Change in non-cash assets and liabilities:</b>		
Decrease (increase) in taxes receivable	(377,684)	266,720
Decrease (increase) in accounts receivable	(2,840,781)	54,933
Increase (decrease) in accounts payable and accrued liabilities	(795,065)	1,571,418
Increase (decrease) in deferred revenue	(75,488)	177,629
Decrease in deferred revenue – obligatory reserve funds	(680,524)	(1,209,036)
	(4,769,542)	861,664
<b>Net change in cash from operations</b>	<b>5,886,269</b>	<b>8,437,656</b>
<b>Investing transactions:</b>		
Purchase of long-term investments	(9,060)	(4,383)
Decrease in mortgage receivable	11,499	10,735
	2,439	6,352
<b>Capital transactions:</b>		
Proceeds on sale of tangible capital assets	86,688	146,768
Cash used to acquire tangible capital assets	(10,195,138)	(8,163,430)
	(10,108,450)	(8,016,662)
<b>Increase (decrease) in cash</b>	<b>(4,219,742)</b>	<b>427,346</b>
Cash, beginning of year	13,835,729	13,408,383
<b>Cash, end of year</b>	<b>\$ 9,615,987</b>	<b>\$ 13,835,729</b>

The accompanying notes are an integral part of these consolidated financial statements.

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Notes to Consolidated Financial Statements

Year ended December 31, 2010

---

## 1. Significant accounting policies:

The consolidated financial statements of the Corporation of the Township of South Frontenac (the "Township") are prepared by management in accordance with Canadian generally accepting 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 Township are as follows:

### (a) Basis of consolidation:

- (i) The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include:

Sydenham Cemetery Board  
Sandhill Cemetery Board  
Portland Cemetery Board  
North Frontenac Community Arena (proportionately consolidated)

Proportionate consolidation:

The North Frontenac Community Arena is accounted for using the proportionate consolidation method of accounting and reporting, whereby the municipality's pro-rata share of each of the assets, liabilities, revenue and expenses is combined on a line-by-line basis in the financial statements.

- (ii) The charges for long-term liabilities assumed by consolidated entities or by individuals in the case of the drainage and shoreline property assistance loans are reflected in the financial statements.

### (iii) Accounting for school board and county transactions:

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

- (iv) Trust funds and their related operations administered by the Township are not included in these financial statements but are reported on separately on the Trust Fund Statements of Continuity and Statements of Financial Position.

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

---

## 1. Significant accounting policies (continued):

### (b) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized as it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

### (c) Deferred revenue – obligatory reserve funds:

The Township receives restricted contributions under the authority of provincial legislation and Township by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

### (d) Investments:

Long-term investments are recorded at cost plus accrued interest, which approximates market value. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

### (e) Government transfers:

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

### (f) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 revenue and expenses during the period. Significant items subject to such estimates and assumptions include the valuation for landfill closure and past-closure costs and the useful lives of tangible capital assets.

Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

---

## 1. Significant accounting policies (continued):

### (g) Landfill closure and post-closure liabilities:

The Township accrues landfill closure and post-closure care requirements that have been defined in accordance with Ministry standards and include final covering and landscaping of the landfill, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a period of up to fifty years using the best information available to management.

Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

### (h) Deferred revenue:

The Township receives contributions pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

### (i) Employee future benefits:

The Township accrues its obligations for the employee benefit plan. The cost of post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

Actuarial gains (losses), which can arise from changes in actuarial assumptions used to determine the accrued benefit obligation, are amortized over the average remaining service life of the related employee groups, which is estimated to be 10 years for the actuarial loss in 2008.

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

---

## 1. Significant accounting policies (continued):

### (j) Non-financial assets:

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

### (i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	15 - 20
Buildings and building improvements	20 - 50
Vehicles	8 - 20
Machinery and equipment	3 - 25
Water infrastructure	50 - 70
Roads and bridges infrastructure	7 - 50

---

Annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

### (ii) Contributions of tangible capital assets:

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

### (iii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the financial statements.

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

## 1. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(iv) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(v) Inventories of supplies:

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

## 2. Operations of school boards and the County of Frontenac:

During 2010, the Township collected property taxes and payments in lieu of property taxes on behalf of the school boards and the County of Frontenac. The amounts collected and remitted are summarized below:

	School Boards		County of Frontenac	
	2010	2009	2010	2009
Amounts collected and remitted	\$ 5,322,108	\$ 5,135,896	\$ 5,018,738	\$ 4,875,111

## 3. Contributions to consolidated joint board:

The following contributions were made by the Township to this board:

	2010	2009
North Frontenac Community Arena	\$ 55,549	\$ 32,719

The Township is contingently liable for its share, which is approximately 59% of any accumulated deficits as at the end of the year for this board. The Township's share of the accumulated surpluses (or deficits) of this joint board is as follows:

North Frontenac Community Arena	\$ 563,868	\$ 527,507
---------------------------------	------------	------------

The Township paid \$490,643 on behalf of North Frontenac Community Arena for expenses relating to Project End Zone. In the current year, \$77,351 has been repaid leaving a receivable balance of \$216,420 at year end.

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

#### 4. Long-term investments:

Total long-term investments of \$551,635 (2009 - \$542,575) reported on the "Consolidated Statement of Financial Position" at cost plus accrued interest, have a market value of \$561,455 (2009 - \$547,745) at the end of the year.

#### 5. Trust funds:

Trust funds administered by the Township amounting to \$547,083 (2009 - \$531,595) 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 Municipal Surplus".

#### 6. Deferred revenue – obligatory reserve funds:

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Township are summarized below:

	2010	2009
Balance, beginning of year	\$ 3,773,864	\$ 4,982,900
Development contributions	215,233	284,944
Subdivider contributions	111,594	–
Investment income	38,977	49,052
Gasoline tax	560,824	596,063
Grant utilized	(1,243,017)	(2,139,095)
Other revenue utilized	(364,135)	–
	<b>\$ 3,093,340</b>	<b>\$ 3,773,864</b>
Analysed as follows:		
Gasoline tax	\$ 298,536	\$ 268,227
MTO-Roads and bridges infrastructure	–	704,579
Investment in Ontario	293,472	291,215
Development charges	1,584,088	1,667,187
Cash in lieu of parkland	797,484	842,656
Subdivider contributions	119,760	–
	<b>\$ 3,093,340</b>	<b>\$ 3,773,864</b>

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

## 7. Employee post employment benefit liability:

### (a) Employee non-pension retirement benefits (extended health care for early retirees):

Effective January 1, 2008, the Township began to provide extended health care to its employees. Extended health care continues to be available to early retirees up to the age of 65, with the retiree generally being responsible for paying 50% of the benefit premiums.

An independent actuarial study of the employee non-pension retirement benefit has been undertaken. The first and most recent valuation of the employee future benefits was completed for 2008 and will be applied effective January 1, 2008.

The accrued benefit obligation relating to employee non-pension retirement benefits has been actuarially determined using the projected benefit method pro-rated on services. At December 31, 2009, based on an actuarial update, the accrued benefit obligation was \$124,639 (2009 - \$114,321).

The significant actuarial assumptions adopted in estimating the Township's accrued benefit obligation are as follows:

Discount rate	6.0% per annum
Health benefits escalation	10.0% per annum, scaling down over 15 years to 5.0% thereafter

Information with respect to the Township's non-pension retirement obligations is as follows:

	2010	2009
Accrued benefit liability, beginning of year	\$ 108,939	\$ 98,112
Expense recognized for the year	6,749	6,749
Interest cost	6,738	6,030
Benefits paid for the year	(2,496)	(1,952)
Accrued benefit liability, end of year	\$ 119,930	\$ 108,939

The accrued benefit liability at December 31 includes the following components:

	2010	2009
Accrued benefit obligation, end of year	\$ 124,639	\$ 114,321
Unamortized actuarial loss	(4,709)	(5,382)
Accrued benefit liability, end of year	\$ 119,930	\$ 108,939



# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

---

## **8. Pension agreements:**

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of forty-two 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 \$149,844 (2009 - \$135,412) for current service and is included as an expense on the "Consolidated Statement of Operations and Accumulated Municipal Surplus".

## **9. Landfill closure and post-closure liabilities:**

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with Ministry standards and include final covering and landscaping of the landfill, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a period of up to fifty years using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The Township currently has five active and four inactive landfill sites. The estimated remaining capacity of the active landfill sites ranges from 4.0% to 53% of the total estimated capacity and the estimated remaining life of the active landfill sites ranges from one year to thirty-two years. The period for post-closure care for all sites is estimated to be fifteen years.

Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities using an estimated inflation rate of 2% and discounted at the Township's average long-term borrowing rate of 6% (2009 - 6%). The estimated total landfill closure and post-closure care expenses are calculated to be approximately \$1,374,031 (2009 - \$1,322,307). For sites that are still active, the estimated liability for these expenses is recognized as the landfill site's capacity is used. For sites that are inactive, the estimated liability for these expenses is recognized immediately. Included in liabilities at December 31, 2010 is an amount of \$935,484 (2009 - \$870,343) with respect to landfill closure and post-closure liabilities recognized to date.

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

## 10. Accumulated municipal surplus:

Accumulated municipal surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2010	2009
Surplus	\$ 43,000	\$ –
Cemetery boards	8,435	14,327
North Frontenac Community Arena	(28,998)	(23,697)
Invested in tangible capital assets:		
Tangible capital assets	81,215,098	79,107,546
Unfinanced capital expense	(970,616)	(746,311)
Landfill closure and post-closure to be recovered	(935,484)	(870,343)
<b>Total surplus</b>	<b>79,331,435</b>	<b>77,481,522</b>
Reserves set aside for specific purposes by Council:		
Working funds	\$ 2,800,782	\$ 2,662,408
Contingencies	7,002	4,668
Replacement of equipment	1,084,440	495,265
Mill rate stabilization	963,931	1,367,657
General government capital	183,474	464,582
Roadways capital	2,932,627	1,945,778
Sydenham water	171,161	125,524
Future landfill closing	843,554	782,668
Cemeteries	40,000	30,000
Recreation capital	143,566	90,519
Other capital	268,453	267,015
	<b>9,438,990</b>	<b>8,236,084</b>
Reserve funds set aside for specific purposes by Council:		
Election	26,131	71,482
General government capital	1,127,070	1,482,139
Protection services capital	13,270	13,487
Roadways capital	684,354	679,089
Future landfill closing	433,968	511,206
Recreation capital	190,640	170,690
Accessibility	15,635	10,021
Other capital	5,152	5,152
	<b>2,496,220</b>	<b>2,943,266</b>
<b>Total accumulated municipal surplus</b>	<b>\$ 91,266,645</b>	<b>\$ 88,660,872</b>

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

## 11. Contingent liabilities:

The nature of the Township's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at December 31, 2010, management believes that the Township has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Township's financial position. As a result, no provision has been made in these financial statements for any settlement which may arise as a result of these claims.

## 12. Commitments:

- (a) The Township has entered into an agreement with the Ontario Provincial Police for the provision of police services. The term of the agreement is five years, commencing April 1, 2008 at an annual cost of approximately \$1.9 million.
- (b) The Township entered into an Agreement with 1425445 Ontario Limited operating as Utilities Kingston for the operation and maintenance of the water system. The term of the Agreement expired on April 1, 2009 with the terms now being reviewed on a monthly basis until there is a new agreement. The annual cost as at December 31, 2010 was \$149,002 (2009 - \$97,006).
- (c) The Township has committed \$2,180,000 for a new library with costs incurred of \$534,667 as of December 31, 2010.
- (d) The Township has committed \$1,420,000 for upgrades to the water treatment plant with costs incurred of \$915,211 as of December 31, 2010.

## 13. Supplementary information:

	2010	2009
Expense by object:		
Salaries, wages and employee benefits	\$ 3,303,162	\$ 3,056,722
Materials, services, rents and financial expenses	7,324,567	8,271,959
Transfers to others	237,374	220,171
Amortization	8,021,585	9,618,972
	<b>\$ 18,886,688</b>	<b>\$ 21,167,824</b>

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

---

## 14. Budget figures:

The unaudited budget data presented in these consolidated financial statements is based upon the 2009 operating and capital budgets approved by Council on April 20, 2010. Amortization was not contemplated on development of the budget and, as such, has not been included. The approved budget to the budget figures reported in these consolidated financial statements is listed below:

	2010 Budget
Reported on statement of operations:	
Revenue	\$ 19,822,717
Expenses	19,643,089
Annual surplus	<u>\$ 179,628</u>
Budget not reported on statements:	
Transfer to capital	\$ 144,530
Transfer to reserve and reserve fund	19,211
North Frontenac Community Arena	15,887
Total budget transfers not reported on statement	<u>\$ 179,628</u>

## 15. Fair value of financial assets and financial liabilities:

The carrying value of taxes receivable, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

The market value of long-term investments is disclosed in note 5.

## 16. Tile drainage loan receivable and payable:

The loan bears annual interest at 6% and is repayable in 10 equal instalments of principal and interest of \$2,065. The responsibility for payment of principal and interest for the loan has been assumed by individuals and therefore has been shown in the financial statements as both a loan receivable and payable.

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

---

**17. Sydenham Water Works debenture receivable and payable:**

The debenture was issued on December 1, 2008, bears annual interest at 5.75% and is repayable in forty equal bi-annual instalments of blended principal and interest of \$17,966 commencing June 1, 2009. The responsibility for payment of principal and interest for the loan has been assumed by individuals and therefore has been shown in the financial statements as both a loan receivable and payable.

**18. Mortgage receivable:**

The mortgage receivable bears annual interest at 7%, is repayable in 120 equal instalments of principal and interest of \$1,503 and is due on December 1, 2016.

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

## 19. Tangible capital assets:

Cost	Balance at December 31, 2009 (note 2)	Additions	Disposals, adjustments	Balance at December 31, 2010
Land	\$ 2,930,161	\$ 124,108	\$ (11,719)	\$ 3,042,550
Land improvements	93,774	52,385	–	146,159
Buildings and building improvements	4,692,383	555,983	(12,176)	5,236,190
Vehicles, machinery and equipment	10,031,130	573,164	(215,015)	10,389,279
Roads and bridges infrastructure	116,445,565	7,466,895	(656,113)	123,256,347
Water infrastructure	7,926,307	–	–	7,926,307
Assets under construction	43,715	1,411,609	–	1,455,324
North Frontenac Community Arena	697,206	10,996	–	708,202
<b>Total</b>	<b>\$ 142,860,241</b>	<b>\$ 10,195,140</b>	<b>\$ (895,023)</b>	<b>\$ 152,160,358</b>

Accumulated amortization	Balance at December 31, 2009 (note 2)	Amortization expense	Disposals, adjustments	Balance at December 31, 2010
Land improvements	\$ 3,432	\$ 5,998	\$ –	\$ 9,430
Buildings and building improvements	1,916,815	109,131	(12,176)	2,013,770
Vehicles, machinery and equipment	4,707,069	627,729	(163,048)	5,171,750
Roads and bridges infrastructure	56,633,740	7,122,892	(653,799)	63,102,833
Water infrastructure	342,083	138,870	–	480,953
North Frontenac Community Arena	149,559	16,965	–	166,524
<b>Total</b>	<b>\$ 63,752,698</b>	<b>\$ 8,021,585</b>	<b>\$ (829,023)</b>	<b>\$ 70,945,260</b>

	Net book value December 31, 2009	Net book value December 31, 2010
Land	\$ 2,930,161	\$ 3,042,550
Land improvements	90,342	136,729
Buildings and building improvements	2,775,568	3,222,420
Vehicles, machinery and equipment	5,324,061	5,217,529
Roads and bridges infrastructure	59,811,825	60,153,514
Water infrastructure	7,584,224	7,445,354
Assets under construction	43,715	1,455,324
North Frontenac Community Arena	547,647	541,678
<b>Total</b>	<b>\$ 79,107,543</b>	<b>\$ 81,215,098</b>

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

---

## 19. Tangible capital assets (continued):

### (a) Assets under construction

Assets under construction having a value of \$1,455,324 (2009 - \$43,715) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### (b) Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

## 20. Segmented information:

The Township is a municipal government institution that provides a range of services to its citizens, including police, fire, transportation, recreational and environmental. For management reporting purposes the Township's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

### (a) Administration:

Includes corporate services and governance of the Township. Administration as a segment includes human resource management, support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status as well as frontline reception and customer service.

### (b) Protection Services:

Includes policing, fire protection, conservation authority, protective inspection and control and emergency measures. The mandate of the police services contract is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes inspection, extinguishing and suppression services; emergency medical first response; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

---

## 20. Segmented information (continued):

(c) Transportation Services:

This department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.

(d) Environmental Services:

Includes the management and maintenance of water treatment and distribution.

(e) Cemetery Boards:

Includes the management and maintenance of municipal cemeteries.

(f) Parks, Recreation and Culture:

Provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, recreation fields and the proportionate share of North Frontenac Community Arena.

(g) Planning and Development:

Manages development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geomatics services.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. These municipal services are funded primarily by property tax revenue. Taxation is apportioned to these services based on the funding requirement. Certain government transfers, transfer from other funds, and other revenue have been apportioned based on a percentage of budgeted expenses.

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.



# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Consolidated Schedule of Segment Information

Year ended December 31, 2010

	Administration	Protection Services	Transportation Services	Environmental Services	Health Services	Parks, Recreation and Culture	Planning and Development	Total
<b>Revenue:</b>								
Taxation	\$ 11,930,494	-	-	-	-	-	-	\$ 11,930,494
Penalties and interest	382,775	-	-	-	-	-	-	382,775
Government unconditional Grants	1,974,200	-	-	-	-	-	-	1,974,200
Government conditional grants	7,742	56,032	3,061,801	126,459	-	13,393	-	3,265,427
Other municipalities	221,960	-	668,331	679,294	-	-	-	1,569,585
Licenses, permits and rents	644,786	-	-	-	-	-	-	644,786
User fees and service charges	5,312	128,582	65,350	495,240	31,943	246,955	123,959	1,097,341
Other	627,853	-	-	-	-	-	-	627,853
	15,795,122	184,614	3,795,482	1,300,993	31,943	260,348	123,959	21,492,461
<b>Expenses:</b>								
Salaries, wages and employee benefits	1,563,242	735,817	617,426	184,806	530	197,791	3,550	3,303,162
Interest on long-term debt	-	-	-	23,518	-	-	692	24,210
Materials	517,656	525,767	1,262,107	462,469	9,238	319,687	73,295	3,170,219
Contracted services	41,641	2,079,142	787,161	1,067,267	54,164	70,770	-	4,100,145
Rents and financial expenses	8,022	6,875	-	-	-	15,096	-	29,993
External transfers	8,900	182,290	40,000	875	-	5,309	-	237,374
Amortization	33,458	266,642	7,533,610	147,523	-	39,307	1,045	8,021,585
Inter-functional adjustments	(1,036,820)	33,137	834,435	41,114	-	5,046	123,088	-
<b>Total expenses</b>	1,136,099	3,829,670	11,074,739	1,927,572	63,932	653,006	201,670	18,886,688
<b>Excess of revenue over expenses (expenses over revenue)</b>	\$ 14,659,023	\$ (3,645,056)	\$ (7,279,257)	\$ (626,579)	\$ (31,989)	\$ (392,658)	\$ (77,711)	\$ 2,605,773



**KPMG LLP**  
**Chartered Accountants**  
863 Princess Street Suite 400  
PO Box 1600 Stn Main  
Kingston ON K7L 5C8  
Canada

Telephone (613) 549-1550  
Fax (613) 549-6349  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants and Ratepayers of the  
Corporation of the Township of South Frontenac

We have audited the accompanying financial statements of Corporation of the Township of South Frontenac, which comprise the statement of the statements of continuity of trust funds as December 31, 2010, the statements of continuity of trust funds for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Corporation of the Township of South Frontenac as at December 31, 2010, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*



Chartered Accountants, Licensed Public Accountants

November 1, 2011

Kingston, Canada

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

## Trust Funds

### Statements of Financial Position

December 31, 2010, with comparative figures for 2009

Name of Fund	Subdivider deposits	Cemetery perpetual care	Monument perpetual care	Muriel Burns	Ontario home renewal program	Grant family memorial endowment	Total 2010	Total 2009
<b>Assets</b>								
<b>Current assets:</b>								
Cash	\$ 10,931	\$ 357,706	\$ 63,623	\$ 25,000	\$ 7,553	\$ 29,315	\$ 494,128	\$ 471,026
Investments at cost, which approximates market value:								
Term deposits	—	32,500	—	—	—	—	32,500	32,500
	10,931	390,206	63,623	25,000	7,553	29,315	526,628	503,526
Loans receivable (note 2)	—	—	—	—	—	—	—	—
Long-term notes receivable	—	—	—	—	28,491	—	28,491	32,038
	\$ 10,931	\$ 390,206	\$ 63,623	\$ 25,000	\$ 36,044	\$ 29,315	\$ 555,119	\$ 535,564
<b>Liabilities and Capital</b>								
<b>Current liabilities:</b>								
Accounts payable	\$ —	\$ —	\$ 484	\$ —	\$ 7,552	\$ —	\$ 8,036	\$ 3,970
<b>Capital (note 3):</b>								
Bedford district	1,631	—	—	—	11,637	—	13,268	16,803
Loughborough district	9,300	75,511	14,311	—	15,160	29,315	143,597	137,748
Portland district	—	204,733	33,093	—	450	—	238,276	231,406
Storrington district	—	109,962	15,735	25,000	1,245	—	151,942	145,637
	10,931	390,206	63,139	25,000	28,492	29,315	547,083	531,594
	\$ 10,931	\$ 390,206	\$ 63,623	\$ 25,000	\$ 36,044	\$ 29,315	\$ 555,119	\$ 535,564

## Statements of Continuity

Year ended December 31, 2010, with comparative figures for 2009

Balance, beginning of year	\$ 10,847	\$ 376,896	\$ 57,724	\$ 25,000	\$ 32,038	\$ 29,089	\$ 531,594	\$ 515,768
Sales of perpetual care	—	13,310	4,950	—	—	—	18,260	15,280
Interest earned	84	4,221	465	193	164	226	5,353	5,307
	84	17,531	5,415	193	164	226	23,613	20,587
<b>Expenses:</b>								
Transfer to operating fund	—	4,221	—	193	233	—	4,647	4,414
Capital donations	—	—	—	—	—	—	—	—
Transfer to revenue fund	—	—	—	—	—	—	—	46
Refund to province	—	—	—	—	3,477	—	3,477	300
	—	4,221	—	193	3,710	—	8,124	4,760
Balance, end of year	\$ 10,931	\$ 390,206	\$ 63,139	\$ 25,000	\$ 28,492	\$ 29,315	\$ 547,083	\$ 531,595

The accompanying notes are an integral part of this financial statement.

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Trust Funds

Notes to Financial Statements

Year ended December 31, 2010

---

## 1. Significant accounting policies:

The financial statements of the Corporation of the Township of South Frontenac Trust Funds are prepared by management in accordance with Canadian public sector accounting standards.

### (a) Basis for accounting:

These statements reflect the assets, liabilities, revenue and expenditures of the Trusts.

### (b) Revenue recognition:

Revenue and expenses are recorded on an accrual basis.

The accrual basis recognizes revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

### (c) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 revenue and expenditures during the period.

Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

## 2. Ontario Home Renewal Program:

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable portion is \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2010 are comprised of repayable loans of \$28,492 (2009 - \$32,038) and forgivable loans of \$400 (2009 - \$400). Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Trust Funds

Notes to Financial Statements (continued)

Year ended December 31, 2010

---

**3. Monument perpetual care:**

The capital balance of monument perpetual care includes the original capital contributions received as well as accumulated unspent income on the capital contributions received. The unspent income of \$465 (2009 - \$452) is available for future expenses related to monument perpetual care.

**4. Statement of cash flows:**

A statement of cash flows has not been included in these financial statements as it would not provide additional meaningful information.



**KPMG LLP**  
**Chartered Accountants**  
863 Princess Street Suite 400  
PO Box 1600 Stn Main  
Kingston ON K7L 5C8  
Canada

Telephone (613) 549-1550  
Fax (613) 549-6349  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **INDEPENDENT AUDITORS' REPORT**

To the Board Members, Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of South Frontenac

We have audited the accompanying financial statements of the Corporation of the Township of South Frontenac Cemetery Boards, which comprise the statement of financial position as at December 31, 2010, statements of operations and accumulated surplus for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of South Frontenac Cemetery Boards as at December 31, 2010, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*



Chartered Accountants, Licensed Public Accountants

November 1, 2011

Kingston, Canada



# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Cemetery Boards

Statements of Financial Position

December 31, 2010, with comparative figures for 2009

Name of Board	Portland	Sandhill	Sydenham	Total 2010	Total 2009
<b>Net Assets</b>					
Financial assets:					
Cash	\$ 17,475	\$ 45,669	\$ 14,693	\$ 77,837	\$ 63,567
Accounts receivable	26	-	26	52	-
	17,501	45,669	14,719	77,889	63,567
Liabilities:					
Accounts payable	24,600	29,821	12,625	67,046	47,061
Prepaid burials and vandalism fund	-	878	1,530	2,408	2,179
	24,600	30,699	14,155	69,454	49,240
Net financial assets (liabilities)	\$ (7,099)	\$ 14,970	\$ 564	\$ 8,435	\$ 14,327

## Accumulated Surplus (Deficit)

Accumulated surplus (deficit)	\$ (7,099)	\$ 14,970	\$ 564	\$ 8,435	\$ 14,327
-------------------------------	------------	-----------	--------	----------	-----------

The accompanying notes are an integral part of this financial statement.

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Cemetery Boards

Statement of Operations and Accumulated Surplus

Year ended December 31, 2010, with comparative figures for 2009

Name of Boards	Portland	Sandhill	Sydenham	Total 2010	Total 2009
<b>Revenue:</b>					
Sale of plots	\$ 6,400	\$ 10,600	\$ 9,140	\$ 26,140	\$ 25,280
Less portion transferred to the Perpetual Care Fund capital account	5,120	4,240	3,950	13,310	12,730
	1,280	6,360	5,190	12,830	12,550
Transfer from Perpetual Care Fund	2,826	829	567	4,222	4,213
Burial charges-opening and closing	9,825	-	5,000	14,825	12,310
Sale of cornerstones	660	1,650		2,310	3,050
Bank interest	127	304	1,510	1,941	369
Interest from Muriel Burns Trust Fund	-	193	89	282	202
Municipal contribution from tax levy	10,000	10,000	-	20,000	13,000
Miscellaneous income	205	132	165	502	570
<b>Total revenue</b>	<b>24,923</b>	<b>19,468</b>	<b>12,521</b>	<b>56,912</b>	<b>46,264</b>
<b>Expenses:</b>					
Administration and general	968	5,344	712	7,024	6,717
Maintenance and care of plots	22,255	22,822	10,703	55,780	49,881
<b>Total expenditures</b>	<b>23,223</b>	<b>28,166</b>	<b>11,415</b>	<b>62,804</b>	<b>56,598</b>
<b>Net revenue (expenses)</b>	<b>1,700</b>	<b>(8,698)</b>	<b>1,106</b>	<b>(5,892)</b>	<b>(10,334)</b>
Opening accumulated surplus (deficit)	(8,798)	23,667	(542)	14,327	24,661
<b>Closing accumulated surplus (deficit)</b>	<b>\$ (7,098)</b>	<b>\$ 14,969</b>	<b>\$ 564</b>	<b>\$ 8,435</b>	<b>\$ 14,327</b>

The accompanying notes are an integral part of this financial statement.

# CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC

Cemetery Boards

Notes to Financial Statements

Year ended December 31, 2010

---

## 1. Significant accounting policies:

The financial statements of the Township of South Frontenac Cemetery Boards are the representation of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Boards are as follows:

The financial statements reflect the assets, liabilities and revenue and expenses of the cemetery bonds.

### (a) Revenue recognition:

Revenue and expenses are recorded on an accrual basis.

The accrual basis recognizes revenue 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) Non-consolidated trust funds:

The Perpetual Care Trust Funds and related operations are not consolidated but are reported separately on the "Trust Fund Statements of Financial Position and Statements of Continuity" of the Township of South Frontenac.

### (c) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 revenue and expenditures during the period.

Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

# **CORPORATION OF THE TOWNSHIP OF SOUTH FRONTENAC**

Cemetery Boards

Notes to Financial Statements (continued)

Year ended December 31, 2010

---

**2. Trust funds:**

The Perpetual Care Trust Funds administered by the Cemetery Boards amounting to \$453,829 (2009 - \$434,619) have not been included in the "Statements of Financial Position" nor have their operations been included in the "Statements of Operations and Accumulated Surplus".

**3. Statement of changes in financial position:**

A statement of changes in financial position has not been included as it would not provide additional meaningful information.