

Consolidated Financial Statements of

**CORPORATION OF THE  
TOWNSHIP OF NORTH DUNDAS**

Year ended December 31, 2008

Consolidated Financial Statements of

# **CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS**

Year ended December 31, 2008

## **CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS**

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## AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of North Dundas

We have audited the consolidated statement of financial position of the Corporation of the Township of North Dundas as at December 31, 2008 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Township of North Dundas as at December 31, 2008 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Accountants, Licensed Public Accountants

Kingston, Canada  
April 24, 2009

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

## Consolidated Statement of Financial Position

December 31, 2008, with comparative figures for 2007

	2008	2007
<b>Assets</b>		
Financial assets:		
Cash (note 3)	\$ 1,970,863	\$ 8,883,043
Taxes receivable	1,623,977	1,426,029
Accounts receivable	744,017	645,468
Notes receivable (note 4)	65,001	168,627
Long-term investments (note 3)	10,112,028	107,987
	<u>14,515,886</u>	<u>11,231,154</u>
Liabilities:		
Accounts payable and accrued liabilities	837,730	741,358
Landfill closure and post-closure liabilities (note 12)	1,244,487	1,222,215
Deferred revenues – obligatory reserve funds (note 11)	631,931	595,003
Deferred revenue	496,749	1,057,396
	<u>3,210,897</u>	<u>3,615,972</u>
Net financial assets	11,304,989	7,615,182
Other non-financial assets:		
Inventory and prepaid expenses	96,101	146,286
Total net assets	<u>\$ 11,401,090</u>	<u>\$ 7,761,468</u>
Municipal position (note 2):		
Capital fund	\$ (649,799)	\$ (673,723)
Reserves	4,978,470	4,839,311
Reserve funds	8,316,906	4,818,095
	<u>12,645,577</u>	<u>8,983,683</u>
Amounts to be recovered from future revenues	(589,493)	(588,672)
Amounts to be recovered from reserve funds	(654,994)	(633,543)
	<u>(1,244,487)</u>	<u>(1,222,215)</u>
Commitments (note 10)		
Contingent liabilities (notes 5(c) and 15)		
Total municipal position	<u>\$ 11,401,090</u>	<u>\$ 7,761,468</u>

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

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

## Consolidated Statement of Financial Activities

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
<b>Revenues:</b>		
Property taxation	\$ 4,486,471	\$ 4,349,798
User charges	2,583,600	2,603,763
Government grants – province	6,034,623	1,224,648
Government grants – federal	5,009	–
Transfer from deferred revenue – obligatory reserve fund	288,691	398,717
Investment income	341,130	390,165
Penalties and interest on taxes	229,847	202,544
Donations	61,240	22,202
Sale of assets	117,233	11,968
Contributions, benefitting landowners	12,082	24,621
Other	247,144	65,690
Revenue from other municipalities	64,939	59,088
<b>Total revenues</b>	<b>14,472,009</b>	<b>9,353,204</b>
<b>Expenditures:</b>		
<b>Current (note 14):</b>		
General government	1,077,368	1,075,978
Protection to persons and property	717,970	580,933
Transportation services	2,338,595	2,000,069
Environmental services	1,736,892	1,798,093
Social and family services	4,358	3,215
Recreation and cultural services	1,196,258	1,194,989
Planning and development	182,337	170,683
<b>Total current expenditures</b>	<b>7,253,778</b>	<b>6,823,960</b>
<b>Capital:</b>		
General government	9,799	143,240
Protection to persons and property	161,031	207,228
Transportation services	1,889,118	1,290,508
Environmental services	310,067	371,762
Recreation and cultural services	1,150,173	408,700
Planning and development	8,236	34,004
<b>Total capital expenditures</b>	<b>3,528,424</b>	<b>2,455,442</b>
<b>Total expenditures</b>	<b>10,782,202</b>	<b>9,279,402</b>
<b>Net revenues</b>	<b>3,689,807</b>	<b>73,802</b>
<b>Change in amount to be recovered:</b>		
Change in landfill closure and post closure liability	22,272	151,668
Increase in amount to be recovered	22,272	151,668
Increase (decrease) in non-financial assets	(50,185)	48,512
<b>Increase in fund balances</b>	<b>\$ 3,661,894</b>	<b>\$ 273,982</b>

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

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

## Consolidated Statement of Changes in Financial Position

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Operations:		
Net revenues	\$ 3,689,807	\$ 73,802
Sources (uses) of funds:		
Increase in taxes receivable	(197,948)	(189,399)
Decrease (increase) in accounts receivable	(113,137)	588,852
Decrease (increase) in notes receivable	103,626	(60,000)
Increase (decrease) in accounts payable and accrued liabilities	96,372	(115,679)
Increase in landfill closure and post-closure liabilities	22,272	151,668
Increase (decrease) in deferred revenues – obligatory reserve funds	36,928	(84,471)
Increase (decrease) in deferred revenue	(546,059)	875,553
	(597,946)	1,166,524
Net change in cash from operations	3,091,861	1,240,326
Investments:		
Decrease (increase) in long-term investments	(10,004,041)	55,849
Increase (decrease) in cash	(6,912,180)	1,296,175
Cash, beginning of year	8,883,043	7,586,868
Cash, end of year	\$ 1,970,863	\$ 8,883,043

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

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

## Notes to Consolidated Financial Statements

Year ended December 31, 2008

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### 1. Significant accounting policies:

The consolidated financial statements of the Corporation of the Township of North Dundas (the "Township") are the representation of management prepared in accordance with Canadian generally accepted accounting principles prescribed for local government 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) Consolidated entities:

These consolidated statements reflect the assets, liabilities, revenues, expenditures and fund balances of the revenue fund, capital fund, reserve funds and reserves 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.

(ii) Non-consolidated entities:

There are no non-consolidated entities.

(iii) Accounting for County and school board transactions:

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the United Counties of Stormont, Dundas and Glengarry 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 consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Statement of Financial Position".

(b) Basis of accounting:

Revenue and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

The consolidated statement of financial position reflects all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the municipality, and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

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## 1. Significant accounting policies (continued):

### (b) Basis of accounting (continued):

#### (i) Capital assets:

The historical cost and accumulated amortization of capital assets are not reported for municipal purposes. Capital assets are reported as an expenditure on the "Consolidated Statement of Financial Activities" in the year of acquisition.

#### (ii) Workplace Safety and Insurance Board ("WSIB") obligations:

The Township bears the cost of certain insurance and pension benefits awarded under workplace safety and insurance legislation and accrues an estimate of the future cost of these obligations based on amounts actuarially determined by WSIB.

Actuarial gains or losses arising from changes in the annual estimate are recognized immediately in the year that they arise.

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

The Township accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a forty-five year period using the best information available to management.

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

#### (iv) The charges for long-term liabilities assumed by individuals in the case of the drainage and shoreline property assistance loans are not reflected in the financial statements.

### (c) Long-term 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.

### (d) Deferred revenues – obligatory reserve funds:

The Township receives restricted contributions under the authority of provincial and federal 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 expenditures are recorded as revenue in the fiscal period they are expended.



# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

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## 1. Significant accounting policies (continued):

### (e) Amounts to be recovered:

Amounts to be recovered are comprised of municipal debt, accrued interest on municipal debt, landfill closure and post-closure liabilities and Workplace Safety and Insurance Board future benefit obligations.

### (f) 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 expenditures are incurred or services performed.

### (g) Reserves:

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

### (h) Financial instruments:

Unless otherwise noted, it is management's opinion that the Township is not exposed to significant interest, currency or credit risks arising from its financial instruments and the carrying amount of its financial instruments approximate their fair value.

### (i) 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.

### (j) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

## 2. Municipal position at the end of the year:

- (a) The balances on the "Consolidated Statement of Financial Position" of municipal position of \$11,401,090 (2007 - \$7,761,468), at the end of the year are comprised of the following:

	2008	2007
Fund balances at the end of the year, surplus (deficit):		
Current fund	\$ -	\$ -
Capital fund:		
Capital expenditures to be financed from taxation or user charges	(649,799)	(673,723)
Reserves	4,978,470	4,839,311
Reserve funds	8,316,906	4,818,095
	12,645,577	8,983,683
Amounts to be recovered from future revenues and reserve funds:		
Landfill closure and post-closure liabilities	(1,244,487)	(1,222,215)
	\$ 11,401,090	\$ 7,761,468

- (b) The balance available for the general increase in taxation at December 31, 2008 has been increased by an amount of \$7,187 (2007 reduction of \$(3,579)) transferred from the reserves and reserve funds as authorized by Council.

Had this reduction not been made, the current fund - general purpose balance would have shown a surplus of \$7,187 (2007 deficit of \$(3,579)).

## 3. Restricted assets:

Cash and long-term investments in the aggregate amount of \$8,948,837 (2007 - \$5,413,098) have been restricted to support reserve funds.

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

## 4. Notes receivable:

	2008	2007
Due from Mountain Township Agricultural Society, repayable from proceeds of sales of excess land, bearing interest at an annual rate of 4%, due September 2013, secured by land	\$ 17,001	\$ 108,627
Note receivable from Dundas County Food Bank Inc., interest-free loan, repayable in five year annual instalments of \$12,000 each commencing December 14, 2008, unsecured	48,000	60,000
	<b>\$ 65,001</b>	<b>\$ 168,627</b>

## 5. Municipal debt:

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

	2008	2007
Total municipal debt incurred by the Township including those incurred on behalf of other municipalities and municipal enterprises and outstanding at the end of the year amount to	\$ 234,701	\$ 260,195
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage and shore-line property assistance loans has been assumed by individuals. At the end of the year, the outstanding principal amount of the liability is	(234,701)	(248,354)
Loans from reserve fund eliminated upon consolidation:		
Sewer Ward 3 – repayable in monthly instalments of \$1,128, interest at 4%, matures April 2008	–	(4,389)
Sewer Ward 4 – repayable in monthly instalments of \$1,915, interest at 4%, matures April 2008	–	(7,452)
Municipal debt at the end of the year	<b>\$ –</b>	<b>\$ –</b>

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

## 5. Municipal debt (continued):

- (b) The long-term liabilities in (a), issued in the name of the Township, have been approved by either the Ontario Municipal Board or 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 & Housing.
- (c) As issuer, the Township is contingently liable for payment of the long-term liabilities with respect to tile drainage and shore-line property assistance loans in the amount of \$234,701 (2007 - \$248,354), which are not reported on the "Consolidated Statement of Financial Position".
- (d) During the fiscal year ended December 31, 2002, the Township paid off long-term debt held by various banking institutions in the total amount of \$744,788 with respect to water and sewer capital projects. As a means of funding these repayments, the Operating Fund borrowed these amounts from the Infrastructure Reserve Fund. This interfund debt is secured by promissory notes and is to be repaid over a predetermined period of time. Council approved the financing arrangements and ultimate repayment of these amounts through the current budget process. For the purpose of these financial statements, this interfund debt is reflected as interfund transfers and therefore eliminated upon consolidation. The related capital projects are reported as unfinanced capital at December 31, 2008 in the amount of \$Nil (2007 - \$11,841) to be financed from taxation and user charges as the interfund debt is repaid.

## 6. Operations of school boards and the United Counties of Stormont, Dundas and Glengarry:

During 2008, requisitions were made by the school boards and the United Counties of Stormont, Dundas and Glengarry requesting the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	School Boards		United Counties of Stormont, Dundas and Glengarry	
	2008	2007	2008	2007
Amounts requisitioned	\$ 3,569,412	\$ 3,554,816	\$ 5,726,613	\$ 5,568,331

## 7. Trust funds:

Trust funds administered by the Township amounting to \$5,680 (2007 - \$7,213) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities".

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

## 8. Pension agreements:

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 39 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 2008 was \$121,332 (2007 - \$118,401) for current service and is included as an expenditure on the "Consolidated Statement of Financial Activities".

## 9. Budget figures:

The approved operating and capital budgets for 2008 are reflected on the "Consolidated Schedule of Current Fund Operations" and "Consolidated Schedule of Capital Fund Operations". These numbers have not been audited but are presented for information purposes only.

## 10. Commitments:

In 2002, the Township pledged a total of \$700,000 to the Winchester District Memorial Hospital to be paid by annual instalments of \$70,000 commencing in 2003 through to 2012.

## 11. 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 federal, provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Township are summarized below:

	2008	2007
Balance, beginning of year	\$ 595,003	\$ 679,474
Development contributions	124,686	140,736
Investment income	21,993	30,348
Grants – Federal Gas Tax	178,940	143,162
Transfers to revenue fund (Development charges)	(4,194)	(7,752)
Transfer to capital fund	(284,497)	(390,965)
Balance, end of year	\$ 631,931	\$ 595,003
Analyzed as follows:		
Parkland	\$ 157,674	\$ 139,940
Development charges	439,877	377,020
Federal Gas Tax	34,380	78,043
	\$ 631,931	\$ 595,003

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

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## **12. 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 industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a forty-five year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenditures 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 6.0%. The estimated total landfill closure and post-closure care expenditures are calculated to be \$1,383,871. The estimated liability for these expenditures is recognized as the landfill site's capacity is used. Included on the "Consolidated Statement of Financial Position" at December 31, 2008 is an amount of \$1,244,487 (2007 - \$1,222,215) with respect to landfill closure and post-closure liabilities recognized to date.

The estimated remaining capacity of the Boyne landfill site is 24% of its total estimated capacity and its estimated remaining life is 11 years, after which the period for post-closure care is estimated to be 25 years.

In 2008, the Mountain landfill site has reached total capacity and will undergo closure costs in 2009, after which the period for post-closure care is estimated to be 25 years.

## **13. Workplace Safety and Insurance Board future benefit obligations:**

In common with schedule 2 employers, the Township funds its obligations to the Workplace Safety and Insurance Board on a "pay-as-you-go" basis for employees. During the year, the Township was provided with an estimate for future benefit costs and administrative loading, as actuarially determined by the Workplace Safety and Insurance Board as at December 31, 2008, in the amount of \$Nil (2007 - \$ Nil).

Actuarial gains or losses arising from changes in the annual estimate are recognized immediately in the year that they arise.

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

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## 14. Supplementary information:

	2008	2007
Current fund expenditure by object:		
Salaries, wages and employee benefits	\$ 2,771,477	\$ 2,685,732
Materials, services, rents and financial expenses	4,279,510	3,966,755
Transfers to others	202,791	171,473
Total	\$ 7,253,778	\$ 6,823,960

## 15. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2008, management believes that the Township has valid defences and appropriate insurance coverage in place. In the opinion of management, the aggregate amount of any potential liability is not expected to have a material effect on the Township's financial position.

## 16. Tangible capital assets:

Commencing with the fiscal year beginning January 1, 2009, the Township will be adopting CICA Public Sector Accounting Handbook Section PS 3150, "Tangible Capital Assets". This section establishes standards on how to account for and report tangible capital assets in government financial statements. Tangible capital assets include such diverse items as roads, bridges, buildings, vehicles, equipment, land, water systems and other utility systems.

Effective January 1, 2007, the Township adopted Public Sector Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets by way of a note to the financial statements until Section 3150 – Tangible Capital Assets comes into effect on January 1, 2009.

As of December 31, 2008, the Township does not have adequate information to disclose any of the tangible capital assets by major category.

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

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

The carrying values of cash, taxes receivable, accounts receivable, notes receivable, long-term investments and accounts payable and other 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.

## 18. Comparative figures:

Certain 2007 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

## 19. Consolidated schedule of 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 administration, 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 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.
- (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 as well as the wastewater plant and sanitary sewer services.



# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

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## 19. Segmented information (continued):

- (e) Cemeteries: 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 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 expenditures 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 and payments-in-lieu of taxes are apportioned to these services based on the net surplus. 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 NORTH DUNDAS

## Consolidated Schedule of Current Fund Operations

Year ended December 31, 2008, with comparative figures for 2007

	Budget 2008 (unaudited)	Actual 2008	Actual 2007
<b>Revenues:</b>			
Property taxation	\$ 4,405,976	\$ 4,486,471	\$ 4,349,798
User charges	2,491,199	2,583,600	2,603,763
Government grants - province	1,099,176	1,141,583	1,088,443
Government grants – federal	–	5,009	–
Revenue from other municipalities	4,000	12,649	37,354
Contributing landowners	–	–	2,862
Insurance recoveries	–	–	3,369
Miscellaneous	–	–	13,576
Interest	211,550	118,714	178,554
Penalties and interest on taxes	202,500	229,846	202,544
Donations	–	11,240	12,499
Transfer from obligatory reserve funds	7,000	4,194	7,752
Sale of assets	68,000	70,524	–
<b>Total revenues</b>	<b>8,489,401</b>	<b>8,663,830</b>	<b>8,500,514</b>
<b>Expenditures:</b>			
General government	1,133,727	1,077,368	1,075,978
Protection to persons and property	724,353	717,970	580,933
Transportation services	2,163,752	2,338,595	2,000,069
Environmental services	1,890,011	1,736,892	1,798,093
Social and family services	3,500	4,358	3,215
Recreation and cultural services	1,178,580	1,196,258	1,194,989
Planning and development	169,715	182,337	170,683
<b>Total expenditures</b>	<b>7,263,638</b>	<b>7,253,778</b>	<b>6,823,960</b>
<b>Net revenue</b>	<b>1,225,763</b>	<b>1,410,052</b>	<b>1,676,554</b>
<b>Financing and transfers:</b>			
Transfers to capital fund	(444,953)	(645,765)	(1,185,194)
Transfers to reserves and reserve funds	(780,810)	(736,374)	(691,540)
Change in landfill closure and post closure liability	–	22,272	151,668
Change in non-financial assets	–	(50,185)	48,512
<b>Net financing and transfers</b>	<b>(1,225,763)</b>	<b>(1,410,052)</b>	<b>(1,676,554)</b>
<b>Change in current fund balance</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Opening current fund balance</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Closing current fund balance</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

## Consolidated Schedule of Capital Fund Operations

Year ended December 31, 2008, with comparative figures for 2007

	Budget 2008 (unaudited)	Actual 2008	Actual 2007
<b>Revenues:</b>			
Government grants - province	\$ 3,505,851	\$ 4,893,040	\$ 136,205
- other municipalities	30,000	52,290	21,734
Donations	38,000	50,000	9,703
Sale of assets	50,000	46,710	11,968
Waste Diversion Organization	95,000	95,944	46,075
Contributing landowners	1,759	12,082	21,759
Transfer from obligatory reserve funds	276,700	284,497	390,965
Insurance recoveries	-	151,200	-
Other	-	-	2,670
<b>Total revenues</b>	<b>3,997,310</b>	<b>5,585,763</b>	<b>641,079</b>
<b>Expenditures:</b>			
General government	15,072	9,799	143,240
Protection to persons and property	144,995	161,031	207,228
Transportation services	1,217,933	1,889,118	1,290,508
Environmental services	3,384,980	310,067	371,762
Recreation and cultural services	1,175,672	1,150,173	408,700
Planning and development	5,600	8,236	34,004
<b>Total expenditures</b>	<b>5,944,252</b>	<b>3,528,424</b>	<b>2,455,442</b>
<b>Net revenues (expenditures)</b>	<b>(1,946,942)</b>	<b>2,057,339</b>	<b>(1,814,363)</b>
<b>Financing and transfers:</b>			
Transfers from current fund	444,953	645,765	1,185,194
Transfers from (to) reserves and reserve funds	1,501,989	(2,679,180)	745,462
<b>Net financing and transfers</b>	<b>1,946,942</b>	<b>(2,033,415)</b>	<b>1,930,656</b>
<b>Change in capital fund balance</b>	<b>-</b>	<b>23,924</b>	<b>116,293</b>
<b>Opening capital fund balance</b>	<b>-</b>	<b>(673,723)</b>	<b>(790,016)</b>
<b>Closing capital fund balance</b>	<b>\$ -</b>	<b>\$ (649,799)</b>	<b>\$ (673,723)</b>

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

## Consolidated Schedule of Reserves and Reserve Funds

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Revenues:		
Investment income	\$ 222,416	\$ 211,611
Net transfers from (to) other funds:		
Transfers from current fund	736,374	691,540
Transfers from (to) capital fund	2,679,180	(745,462)
Total net transfers	3,415,554	(53,922)
Change in reserves and reserve fund balance	3,637,970	157,689
Opening reserves and reserve fund balance	9,657,406	9,499,717
Closing reserves and reserve fund balance	\$ 13,295,376	\$ 9,657,406
Analyzed as follows:		
Reserves set aside for specific purposes by Council for:		
Working capital	\$ 1,214,959	\$ 1,156,574
Fire	578,449	374,166
Sewer and water	2,179,122	1,814,878
Roads	743,381	927,211
Recreation and culture	120,598	389,421
Waste management	74,661	74,661
Hospital building	60,000	95,000
Other	7,300	7,400
Total reserves	4,978,470	4,839,311
Reserve funds set aside for specific purpose by legislation, regulation or agreement for:		
Infrastructure	4,000,000	4,000,000
Recreation	7,852	7,781
Roads	750,754	-
Waste management	3,409,341	633,543
Association and events	132,983	160,679
South Mountain Union Cemetery	15,976	16,092
Total reserve funds	8,316,906	4,818,095
Total reserves and reserve funds	\$ 13,295,376	\$ 9,657,406

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

## Consolidated Schedule of Segment Information

Year ended December 31, 2008

	Administration	Protection Services	Transportation Services	Environmental Services	Cemeteries	Parks Recreation and Culture	Planning and Development	Total
<b>Revenue:</b>								
Investment income	\$ 118,714	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 118,714
Government of Ontario	1,032,336	—	38,106	—	—	31,542	39,598	1,141,582
Government of Canada	5,009	—	—	—	—	—	—	5,009
Other municipalities	5,000	—	3,562	4,087	—	—	—	12,649
User fees and service charges	368,769	16,135	31,135	1,567,246	—	529,500	70,815	2,583,600
	1,529,828	16,135	72,803	1,571,333	—	561,042	110,413	-3,861,554
<b>Expenditures:</b>								
Salaries, wages and employee benefits	590,089	232,419	772,906	443,214	—	643,626	89,223	2,771,477
Long-term debt	—	—	—	98	—	—	—	98
Materials	277,798	300,849	1,412,500	334,271	4,358	526,428	92,632	2,948,836
Contracted services	71,600	106,220	153,189	959,309	—	15,279	482	1,306,079
Rents and financial expenses	24,497	—	—	—	—	—	—	24,497
External transfers	113,384	78,482	—	—	—	10,925	—	202,791
	1,077,368	717,970	2,338,595	1,736,892	4,358	1,196,258	182,337	7,253,778
Net revenue (expenditures)	452,460	(701,835)	(2,265,792)	(165,559)	(4,358)	(635,216)	(71,924)	(3,392,224)
<b>Financing and transfers:</b>								
Net transfers to other funds	(131,783)	(182,034)	(450,987)	(613,139)	—	—	—	(1,377,943)
<b>Excess of revenue over expenditures (expenditures over revenue) after transfer</b>								
	320,677	(883,869)	(2,716,779)	(778,698)	(4,358)	(635,216)	(71,924)	(4,770,167)
<b>Funded through:</b>								
Taxation								4,400,319
Payments in lieu of taxation								86,152
Penalties and interest								229,846
Other								53,850
								4,770,167
<b>Excess of revenue over expenditures (expenditures over revenue)</b>								
	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Four-Year Financial Review  
(Unaudited)

(All dollar amounts are in thousands of dollars, except per capita figures.)

	2008	2007	2006	2005
Population at the end of the year	11,962	11,883	11,784	11,644
Employees - continuous full time	39	38	38	38
- part time	42	32	32	32
Number of households	4,344	4,318	4,284	4,235
1. Assessment				
Taxable assessment upon which the year's rates of taxation were set:				
Residential and farm	\$ 778,879	\$ 770,092	\$ 760,377	\$ 681,419
Commercial, multi-residential and industrial	64,215	67,388	65,225	63,089
Pipeline and managed forests	44,551	44,527	44,310	43,972
<b>Total</b>	<b>\$ 887,645</b>	<b>\$ 882,007</b>	<b>\$ 869,912</b>	<b>\$ 788,480</b>
Per capita	\$ 74,205	\$ 74,224	\$ 73,821	\$ 67,716
Commercial, multi-residential and industrial as a percentage of total taxable assessment	7.2%	7.6%	7.5%	8.0%
Exempt assessment	\$ 29,110	\$ 28,964	\$ 28,706	\$ 30,864
2. Revenue for general municipal services				
Taxation	\$ 4,400	\$ 4,280	\$ 4,277	\$ 4,128
Payments in lieu of taxes	86	86	87	84
Ontario and Federal grants	1,147	1,088	945	1,483
Fees and service charges	2,584	2,604	2,696	2,759
Other	447	443	304	421
<b>Total</b>	<b>\$ 8,664</b>	<b>\$ 8,501</b>	<b>\$ 8,309</b>	<b>\$ 8,875</b>
3. Tax arrears - per capita	\$ 135.76	\$ 120.01	\$ 104.94	\$ 99.00
- percentage of current levy	11.4	10.6	9.3	8.7
4. Expenditure - general municipal	\$ 7,254	\$ 6,824	\$ 6,591	\$ 6,235
5. Transfers to the region or county	\$ 5,727	\$ 5,568	\$ 5,567	\$ 5,457
6. Transfers to the school boards	\$ 3,569	\$ 3,555	\$ 3,615	\$ 3,737
7. Capital financing during the year				
Contributions from own funds	\$ 930	\$ 1,931	\$ 2,088	\$ 1,106
Ontario and Federal grants	2,214	136	777	252
Other	408	505	97	435
<b>Total</b>	<b>\$ 3,552</b>	<b>\$ 2,572</b>	<b>\$ 2,962</b>	<b>\$ 1,793</b>
8. Capital expenditure during the year	\$ 3,528	\$ 2,455	\$ 2,860	\$ 2,283
9. Capital fund balance	\$ (650)	\$ (674)	\$ (790)	\$ (891)
10. Current fund balance	\$ -	\$ -	\$ -	\$ 1
11. Reserves and reserve funds	\$ 13,295	\$ 9,657	\$ 9,500	\$ 9,466



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## AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the  
Corporation of the Township of North Dundas

We have audited the statement of financial position of the trust funds of the Corporation of the Township of North Dundas as at December 31, 2008 and the statement of continuity of the trust funds for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Township of North Dundas as at December 31, 2008 and the continuity of the trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants, Licensed Public Accountants

Kingston, Canada  
April 24, 2009

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Trust Funds

## Statement of Financial Position

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
<b>Assets</b>		
Cash	\$ 1,697	\$ 1,702
Ontario Home Renewal Plan loans receivable	5,680	7,213
	<u>\$ 7,377</u>	<u>\$ 8,915</u>
<b>Liabilities and Capital</b>		
Liabilities:		
Accounts payable	\$ 1,697	\$ 1,702
Fund balance:		
Capital	5,680	7,213
	<u>\$ 7,377</u>	<u>\$ 8,915</u>

See accompanying notes to financial statements.



# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

## Trust Funds

### Statement of Continuity

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Balance at beginning of year	\$ 7,213	\$ 8,613
Interest earned	163	302
	<u>7,376</u>	<u>8,915</u>
Expenditures:		
Ontario Home Renewal Plan:		
- Administration charges	114	120
- Return of capital to Ministry of Municipal Affairs and Housing	<u>1,582</u>	<u>1,582</u>
	<u>1,696</u>	<u>1,702</u>
Balance at end of year	\$ 5,680	\$ 7,213

See accompanying notes to financial statements.

# CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Trust Funds  
Notes to Financial Statements

Year ended December 31, 2008

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## 1. Accounting policies:

Basis of accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting.

## 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, 2008 are comprised of repayable loans of \$5,680 (2007 - \$7,213) and forgivable loans of \$Nil (2007 - \$Nil). 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.