

Consolidated Financial Statements of

**CORPORATION OF THE
TOWNSHIP OF NORTH DUNDAS**

Year ended December 31, 2010

Consolidated Financial Statements of

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Year ended December 31, 2010

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

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CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS TRUST FUNDS

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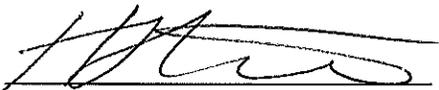
Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Township of North Dundas (the "Corporation") are the responsibility of the Corporation's management and have been prepared in compliance with legislation, and in accordance with public sector accounting standards of The Canadian Institute of Chartered Accountants. 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 Corporation'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.

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 Corporation. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's consolidated financial statements.


Howard Smith
Chief Administrative Officer


John Gareau
Treasurer



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

Telephone (613) 549-1550
Telefax (613) 549-6349
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Corporation of the Township of North Dundas, which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of operations, change 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 financial position of the Corporation of the Township of North Dundas 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

October 18, 2011

Kingston, Canada

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Financial assets:		
Cash	\$ 7,691,960	\$ 2,375,020
Taxes receivable	1,654,051	1,564,279
Accounts receivable	2,716,788	4,233,656
Notes receivable (note 2)	24,000	36,000
Long-term investments	2,081,989	7,285,364
	<u>14,168,788</u>	<u>15,494,319</u>
Financial liabilities:		
Accounts payable and accrued liabilities	1,696,165	2,750,624
Landfill closure and post-closure liabilities (note 11)	891,593	1,061,276
Deferred revenues – obligatory reserve funds (note 10)	768,817	646,594
Deferred revenue	455,832	476,925
	<u>3,812,407</u>	<u>4,935,419</u>
Net financial assets	10,356,381	10,558,900
Other non-financial assets:		
Tangible capital assets (note 15)	47,525,832	42,739,046
Inventory and prepaid expenses	97,807	78,040
Total non-financial assets	<u>47,623,639</u>	<u>42,817,086</u>
Commitments (note 9)		
Contingent liabilities (notes 4 and 14)		
Accumulated municipal equity (note 17)	<u>\$ 57,980,020</u>	<u>\$ 53,375,986</u>

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

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Statement of Operations

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

	Budget (note 8)	2010	2009
Revenues:			
Property taxation	\$ 4,759,728	\$ 4,840,199	\$ 4,602,724
User charges	2,710,550	2,917,772	2,754,394
Government grants – province	3,484,099	2,585,035	2,721,166
Government grants – federal	4,410,871	3,193,827	2,046,093
Investment income	96,500	308,248	406,656
Penalties and interest on taxes	220,000	200,835	219,524
Donations	49,697	64,294	138,706
Sale of assets	29,000	83,714	104,323
Other	–	–	3,486
Revenue from other municipalities	101,210	281,595	311,373
Development charges utilized	53,000	32,120	–
Total revenues	15,914,655	14,507,639	13,308,445
Expenses:			
General government	1,253,642	1,333,955	1,169,841
Protection to persons and property	759,513	841,389	763,234
Transportation services	1,675,147	2,992,302	2,977,055
Environmental services	1,919,917	1,909,264	1,907,981
Social and family services	4,000	2,666	3,749
Recreation and cultural services	1,278,363	1,470,790	1,459,500
Planning and development	272,666	230,596	150,991
Loss on write-down of assets	–	1,122,643	–
Total expenses	7,163,248	9,903,605	8,432,351
Annual surplus	8,751,407	4,604,034	4,876,094
Accumulated municipal equity, beginning of year	–	53,375,986	48,499,892
Accumulated municipal equity, end of year	\$ 8,751,407	\$ 57,980,020	\$ 53,375,986

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

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Statement of Change in Net Financial Assets

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

	2010	2009
Annual surplus	\$ 4,604,034	\$ 4,876,094
Acquisition of tangible capital assets	(7,929,992)	(7,645,577)
Amortization of tangible capital assets	2,020,562	1,841,023
Loss on sale of tangible capital assets	–	74,104
Proceeds on sale of tangible capital assets	–	76,774
Write-down of tangible capital assets	1,122,644	13,432
	(182,752)	(764,150)
Change in prepaid expenses and inventories of supplies	(19,767)	18,061
Change in net financial assets	(202,519)	(746,089)
Net financial assets, beginning of year	10,558,900	11,304,989
Net financial assets, end of year	\$ 10,356,381	\$ 10,558,900

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

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Statement of Cash Flows

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

	2010	2009
Operating transactions:		
Annual surplus	\$ 4,604,034	\$ 4,876,094
Items not involving cash:		
Amortization	2,020,562	1,841,023
Change in landfill closure and post-closure liabilities	(169,683)	(183,211)
Write-down of tangible capital assets	1,122,644	13,432
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	(89,772)	59,698
Decrease (increase) in accounts receivable	1,516,868	(3,489,639)
Decrease in notes receivable	12,000	29,001
Increase (decrease) in accounts payable and accrued liabilities	(1,054,459)	1,912,894
Increase in deferred revenues – obligatory reserve funds	122,223	14,663
Decrease in deferred revenue	(21,093)	(19,824)
Decrease (increase) in inventory and prepaid expenses	(19,767)	18,061
	<u>3,439,523</u>	<u>196,098</u>
Net change in cash from operations	8,043,557	5,072,192
Capital transactions:		
Cash used to acquire tangible capital assets	(7,929,992)	(7,645,577)
Loss on sale of tangible capital assets	–	74,104
Proceeds on sale of tangible capital assets	–	76,774
	<u>(7,929,992)</u>	<u>(7,494,699)</u>
Investing transactions:		
Decrease in long-term investments	5,203,375	2,826,664
Increase in cash	5,316,940	404,157
Cash, beginning of year	2,375,020	1,970,863
Cash, end of year	<u>\$ 7,691,960</u>	<u>\$ 2,375,020</u>
Supplementary cash flow information:		
Cash received from interest	\$ 344,192	\$ 198,769

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, 2010

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 public sector accounting standards 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, expenses, 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, expenses, 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 expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues 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.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(i) 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.

(ii) 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.

(iii) 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.

Investment income earned on available funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added back to the reserve fund balance and forms part of the deferred revenue balance.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(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 expenses are recorded as revenue in the fiscal period in which they are expended.

(e) 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.

(f) 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.

(g) 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 revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for landfill liability. 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, 2010

1. Significant accounting policies (continued):

(h) 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 and landfill	15 - 75
Buildings	15 - 50
Equipment	3 - 30
Forcemain	100
Bridges, roads and culverts	7 - 75
Maintenance access	75
Sanitary linear	100
Storm linear	75 - 100
Sidewalk	30
Vehicles	7 - 20
Water distribution and treatment	20 - 100

Landfill sites are amortized using the units of production method based upon capacity used during the year.

Annual amortization is charged at 100% in the year of acquisition and none in the year of disposal. 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) Inventories of supplies:

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

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

2. Notes receivable:

	2010	2009
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	\$ 24,000	\$ 36,000

3. Municipal debt:

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 \$300,187 (2009 - \$373,012), which are not reported on the "Consolidated Statement of Financial Position".

4. Long-term investments:

Long-term investments, which consist primarily of guaranteed investment certificates and financial institution bonds, are recorded on the Statement of Financial Position at cost plus accrued interest and amortization of purchase premiums and discounts. They have a market value of \$2,104,826 at December 31, 2010 (2009 - \$7,382,290).

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

During 2010, 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	
	2010	2009	2010	2009
Amounts requisitioned	\$ 3,525,744	\$ 3,481,136	\$ 5,990,380	\$ 5,797,668

6. Trust funds:

Trust funds administered by the Township amounting to \$Nil (2009 - \$5,000) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

7. 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 2010 was \$126,469 (2009 - \$128,321) for current service and is included as an expenditure on the "Consolidated Statement of Operations".

8. Budget data:

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

	2010 Budget
Reported on statement of operations:	
Operating revenue	\$ 15,914,655
Operating expenses	7,163,248
Annual operating surplus	8,751,407
Acquisition of tangible capital assets	13,212,831
Total budgeted deficit on statements	\$ (4,461,424)
Budget not reported on statements:	
Capital revenue – long-term borrowing	\$ 1,280,000
Capital revenue – reserve and reserve fund transfers	3,476,924
Operating revenue – reserve and reserve fund transfers	79,500
Operating expense – transfer to reserves	(10,000)
Capital expense – transfer to reserves	(365,000)
Total budgeted surplus not reported on statement	\$ 4,461,424

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

9. Commitments:

- (a) 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.
- (b) The Township has committed to capital expenditures relating to the Winchester Water Feeder Pipe Project for Phase 2. The capital cost is estimated to be \$2,242,718 with \$1,866,156 incurred as at December 31, 2010. This project will be financed from reserves and long-term borrowing.

10. 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:

	2010	2009
Balance, beginning of year	\$ 646,594	\$ 631,931
Development contributions	155,623	97,165
Parkland contribution	7,900	20,000
Investment income	20,154	21,627
Grants – Federal Gas Tax	341,487	357,879
Utilization – operating (development charges)	(6,978)	(8,586)
Utilization – capital	(395,963)	(473,422)
Balance, end of year	\$ 768,817	\$ 646,594
Analyzed as follows:		
Parkland	\$ 161,943	\$ 181,707
Development charges	582,439	415,047
Federal Gas Tax	24,435	49,840
	\$ 768,817	\$ 646,594

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

11. 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 thirty-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 \$1,105,595. 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, 2010 is an amount of \$891,593 (2009 - \$1,061,276) with respect to landfill closure and post-closure liabilities recognized to date.

The estimated remaining capacity of the Boyne landfill site is 40% of its total estimated capacity and its estimated remaining life is 10 years, after which the period for post-closure care is estimated to be 25 years.

In 2008, the Mountain landfill site had reached total capacity and the period for post-closure care is estimated to be 25 years.

12. 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, 2010, in the amount of \$Nil (2009 - \$Nil).

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

13. Supplementary information:

	2010	2009
Current fund expenditure by object:		
Salaries, wages and employee benefits	\$ 3,050,762	\$ 2,809,660
Materials, services, rents and financial expenses	3,597,769	3,533,959
Transfers to others	216,493	173,605
Amortization	1,915,937	1,841,023
Loss on sale of tangible capital assets	1,122,644	74,104
Total	\$ 9,903,605	\$ 8,432,351

14. 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, 2010, 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.

15. Tangible capital assets:

Cost	Balance at December 31, 2009	Additions	Disposals and adjustments	Balance at December 31, 2010
Land	\$ 2,205,397	\$ 129,089	\$ 201,789	\$ 2,132,697
Land improvements and landfill	4,292,075	128,366	33,050	4,387,391
Buildings	5,775,180	160,503	16,116	5,919,567
Equipment	3,380,825	130,931	160,555	3,351,201
Forcemain	2,855,660	-	-	2,855,660
Bridges, roads and culverts	27,608,459	1,640,677	1,018,204	28,230,932
Maintenance access	333,193	-	-	333,193
Sanitary linear	2,119,078	149,719	-	2,268,797
Storm linear	1,752,083	-	-	1,752,083
Sidewalk	920,400	1,500	-	921,900
Vehicles	3,416,609	143,564	134,016	3,426,157
Water distribution and treatment	8,279,026	161,189	-	8,440,215
Work-in-process	509,172	5,284,454	11,479	5,782,147
Total	\$ 63,447,157	\$ 7,929,992	\$ 1,575,209	\$ 69,801,940

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

15. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2009	Amortization expense	Disposals and adjustments	Balance at December 31, 2010
Land	\$ -	\$ -	\$ -	\$ -
Land improvements and landfill	1,254,446	137,633	30,150	1,361,929
Buildings	2,440,890	118,889	16,116	2,543,663
Equipment	1,914,399	197,916	160,555	1,951,760
Forcemain	320,713	28,557	-	349,270
Bridges, roads and culverts	8,289,827	1,101,086	111,729	9,279,184
Maintenance access	125,680	4,443	-	130,123
Sanitary linear	580,277	22,688	-	602,965
Storm linear	386,257	19,230	-	405,487
Sidewalk	414,098	27,968	-	442,066
Vehicles	1,944,446	205,495	134,015	2,015,926
Water distribution and treatment	3,037,078	156,657	-	3,193,735
Work-in-process	-	-	-	-
Total	\$ 20,708,111	\$ 2,020,562	\$ 452,565	\$ 22,276,108

	Net book value December 31, 2009	Net book value December 31, 2010
Land	\$ 2,205,397	\$ 2,132,697
Land improvements and landfill	3,037,629	3,025,462
Buildings	3,334,290	3,375,904
Equipment	1,466,426	1,399,441
Forcemain	2,534,947	2,506,390
Bridges, roads and culverts	19,318,632	18,951,748
Maintenance access	207,513	203,070
Sanitary linear	1,538,801	1,665,832
Storm linear	1,365,826	1,346,596
Sidewalk	506,302	479,834
Vehicles	1,472,163	1,410,231
Water distribution and treatment	5,241,948	5,246,480
Work-in-process	509,172	5,782,147
Total	\$ 42,739,046	\$ 47,525,832

(a) Work-in-progress:

Assets under construction having a value of \$5,782,143 (2009 - \$509,172) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Works of art and historical treasures:

The Township manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Township sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

15. Tangible capital assets (continued):

(c) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$918,264 (2009 - \$13,432).

16. Comparative figures:

Certain 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

17. Accumulated municipal equity:

	2010	2009
Operating surplus/deficit breakdown:		
Unfunded liability – landfill closure and post-closure liability	\$ (891,593)	\$ (1,061,276)
Reserves set aside for specific purposes by Council for:		
Working capital	1,859,760	1,652,145
Fire	682,142	697,449
Sewer and water	1,861,186	2,547,110
Roads	1,514,936	1,312,055
Recreation and culture	172,300	144,051
Waste management	119,240	119,240
Hospital building	–	30,000
Other	62,931	6,288
Total reserves	6,272,495	6,508,338
Reserve funds set aside for specific purpose by legislation, regulation or agreement for:		
Infrastructure	4,000,000	4,000,000
Recreation	63,415	7,867
Roads	373,858	370,672
Waste management	2,462,851	2,419,296
Association and events	37,620	111,482
South Mountain Union Cemetery	15,828	15,975
Total reserve funds	6,953,572	6,925,292
Investment in tangible capital assets:		
Tangible capital assets	47,525,832	42,739,046
Unfinanced capital expenditures	(1,880,286)	(1,735,414)
Investment in tangible capital assets	45,645,546	41,003,632
Total accumulated municipal equity	\$ 57,980,020	\$ 53,375,986

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

18. 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.
- (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.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

18. Consolidated schedule of segmented information (continued):

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 Segment Information

Year ended December 31, 2010

	Administration	Protection Services	Transportation Services	Environmental Services	Cemeteries	Parks Recreation and Culture	Planning and Development	Total
Revenue:								
Investment income	\$ 308,248	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 308,248
Government of Ontario	951,400	–	305,233	1,268,787	–	20,383	39,232	2,585,035
Government of Canada	–	–	628,904	1,243,787	–	–	1,321,136	3,193,827
Other municipalities	1,605	–	246,629	8,568	–	–	24,793	281,595
Development charges utilized	–	–	–	–	–	–	32,120	32,120
User fees and service charges	277,453	11,738	68,652	1,735,850	–	568,465	255,615	2,917,773
	1,538,706	11,738	1,249,418	4,256,992	–	588,848	1,672,896	9,318,598
Expenses:								
Salaries, wages and employee benefits	706,958	266,826	752,017	466,821	–	756,174	101,966	3,050,762
Materials	343,903	288,573	1,003,965	223,590	2,666	467,511	123,149	2,453,357
Contracted services	64,490	87,082	44,381	895,926	–	13,719	1,620	1,107,218
Rents and financial expenses	37,195	–	–	–	–	–	–	37,195
External transfers	149,906	56,164	–	–	–	10,423	–	216,493
Loss on write-downs of assets	–	–	–	–	–	–	1,122,644	1,122,644
Amortization	31,503	142,744	1,191,939	322,927	–	222,963	3,861	1,915,937
	1,333,955	841,389	2,992,302	1,909,264	2,666	1,470,790	1,353,240	9,903,606
Excess of revenue over expenses (expenses over revenue)	204,751	(829,651)	(1,742,884)	2,347,728	(2,666)	(881,942)	319,656	(585,008)
Funded through:								
Taxation								4,752,466
Payments in lieu of taxation								87,733
Penalties and interest								200,835
Other								148,008
								5,189,042
Excess of revenue over expenses								\$ 4,604,034



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

Telephone (613) 549-1550
Telefax (613) 549-6349
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of the trust funds of the Township of North Dundas, which comprise the statement of financial position as at December 31, 2010 and the statement 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 the trust funds of the Township of North Dundas as at December 31, 2010, and the continuity of the trust funds for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

October 18, 2011

Kingston, Canada

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Trust Funds

Statement of Financial Position

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

	2010	2009
Assets		
Cash	\$ -	\$ 1
Ontario Home Renewal Plan loans receivable	-	5,000
	<u>\$ -</u>	<u>\$ 5,001</u>
Liabilities and Capital		
Liabilities:		
Accounts payable	\$ -	\$ 1
Fund balance:		
Capital	-	5,000
	<u>\$ -</u>	<u>\$ 5,001</u>

See accompanying notes to financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Trust Funds

Statement of Continuity

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

	2010	2009
Balance at beginning of year	\$ 5,000	\$ 5,680
Interest earned	–	35
	5,000	5,715
Expenditures:		
Ontario Home Renewal Plan:		
- Administration charges	–	41
- Return of capital to Ministry of Municipal Affairs and Housing	–	674
- Transfer to Township	5,000	–
	5,000	715
Balance at end of year	\$ –	\$ 5,000

See accompanying notes to financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Trust Funds
Notes to Financial Statements

Year ended December 31, 2010

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.

Ontario Home Renewal Program loans receivable at December 31, 2010 are comprised of repayable loans of \$Nil (2009 - \$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.