

Consolidated Financial Statements of

**CORPORATION OF THE
TOWNSHIP OF NORTH DUNDAS**

Year ended December 31, 2011

Consolidated Financial Statements of

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Year ended December 31, 2011

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

	Page
Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditors' Report	2
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8
Consolidated Schedule of Segmented Information	22

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 Canadian generally accepted accounting principles. 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.

Angela Rutley
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, 2011, 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 generally accepted accounting principles, 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, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

October 30, 2012

Kingston, Canada

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Statement of Financial Position

December 31, 2011, with comparative figures for 2010

	2011	2010
Assets		
Financial assets:		
Cash	\$ 9,331,192	\$ 7,691,960
Taxes receivable	1,663,699	1,654,051
Accounts receivable	1,547,777	2,716,788
Notes receivable (note 2)	12,000	24,000
Long-term investments	2,039,894	2,081,989
	<u>14,594,562</u>	<u>14,168,788</u>
Financial liabilities:		
Accounts payable and accrued liabilities	1,328,902	1,696,165
Landfill closure and post-closure liabilities (note 10)	652,624	891,593
Water rights and land purchase liabilities (note 11)	164,498	–
Deferred revenues – obligatory reserve funds (note 9)	908,039	768,817
Deferred revenue	480,788	455,832
	<u>3,534,851</u>	<u>3,812,407</u>
Net financial assets	11,059,711	10,356,381
Other non-financial assets:		
Tangible capital assets (note 15)	48,859,644	47,525,832
Inventory and prepaid expenses	99,332	97,807
Total non-financial assets	<u>48,958,976</u>	<u>47,623,639</u>
Commitments (note 8)		
Contingent liabilities (notes 3 and 14)		
Accumulated municipal equity (note 17)	<u>\$ 60,018,687</u>	<u>\$ 57,980,020</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, 2011, with comparative figures for 2010

	Budget (note 7)	2011	2010
Revenues:			
Property taxation	\$ 4,925,418	\$ 4,989,245	\$ 4,840,199
User charges	2,827,642	2,994,326	2,917,772
Government grants – province	2,521,546	1,814,672	2,585,035
Government grants – federal	1,528,368	1,061,143	3,193,827
Investment income	47,417	169,052	308,248
Penalties and interest on taxes	210,000	237,971	200,835
Donations	65,900	94,803	64,294
Sale of assets	126,452	166,466	83,714
Revenue from other municipalities	6,000	98,130	281,595
Development charges utilized	47,500	58,515	32,120
Total revenues	12,306,243	11,684,323	14,507,639
Expenses:			
General government	1,168,527	1,162,001	1,333,955
Protection to persons and property	749,217	883,271	841,389
Transportation services	1,871,191	3,255,169	2,992,302
Environmental services	1,908,782	2,393,952	1,909,264
Social and family services	3,000	2,442	2,666
Recreation and cultural services	1,276,467	1,575,942	1,470,790
Planning and development	299,075	251,580	230,596
Loss on write-down of assets	–	121,299	1,122,643
Total expenses	7,276,259	9,645,656	9,903,605
Annual surplus	5,029,984	2,038,667	4,604,034
Accumulated municipal equity, beginning of year		57,980,020	53,375,986
Accumulated municipal equity, end of year		\$ 60,018,687	\$ 57,980,020

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, 2011, with comparative figures for 2010

	2011	2010
Annual surplus	\$ 2,038,667	\$ 4,604,034
Acquisition of tangible capital assets	(3,572,675)	(7,929,992)
Amortization of tangible capital assets	2,117,564	2,020,562
Write-down of tangible capital assets	121,299	1,122,644
	704,855	(182,752)
Change in prepaid expenses and inventories of supplies	(1,525)	(19,767)
Change in net financial assets	703,330	(202,519)
Net financial assets, beginning of year	10,356,381	10,558,900
Net financial assets, end of year	\$ 11,059,711	\$ 10,356,381

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, 2011, with comparative figures for 2010

	2011	2010
Operating transactions:		
Annual surplus	\$ 2,038,667	\$ 4,604,034
Items not involving cash:		
Amortization	2,117,564	2,020,562
Change in landfill closure and post-closure liabilities	(74,471)	(169,683)
Write-down of tangible capital assets	121,299	1,122,644
Change in non-cash assets and liabilities:		
Increase in taxes receivable	(9,648)	(89,772)
Decrease in accounts receivable	1,169,011	1,516,868
Decrease in notes receivable	12,000	12,000
Decrease in accounts payable and accrued liabilities	(367,263)	(1,054,459)
Increase in deferred revenues – obligatory reserve funds	139,222	122,223
Decrease (increase) in deferred revenue	24,956	(21,093)
Increase in inventory and prepaid expenses	(1,525)	(19,767)
	3,131,145	3,439,523
Net change in cash from operations	5,169,812	8,043,557
Capital transactions:		
Cash used to acquire tangible capital assets	(3,572,675)	(7,929,992)
Investing transactions:		
Decrease in long-term investments	42,095	5,203,375
Increase in cash	1,639,232	5,316,940
Cash, beginning of year	7,691,960	2,375,020
Cash, end of year	\$ 9,331,192	\$ 7,691,960
Supplementary cash flow information:		
Cash received from interest	\$ 169,052	\$ 344,192

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, 2011

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. 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.

(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, 2011

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, 2011

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 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 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, 2011

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, 2011

2. Notes receivable:

	2011	2010
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	\$ 12,000	\$ 24,000

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 \$340,771 (2010 - \$300,187), 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 \$2,036,201 at December 31, 2011 (2010 - \$2,104,826).

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

During 2011, 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	
	2011	2010	2011	2010
Amounts requisitioned	\$ 3,449,686	\$ 3,525,744	\$ 6,680,980	\$ 5,990,380

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

6. 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 2011 was \$141,267 (2010 - \$126,469) for current service and is included as an expenditure on the "Consolidated Statement of Operations".

7. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2011 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:

	2011 Budget
Reported on statement of operations:	
Operating revenue	\$ 12,306,243
Operating expenses	7,276,259
Annual operating surplus	5,029,984
Acquisition of tangible capital assets	(6,310,291)
Total budgeted deficit on statements	\$ (1,280,307)
Budget not reported on statements:	
Capital revenue – long-term borrowing	\$ 900,000
Capital revenue – reserve and reserve fund transfers	513,873
Operating revenue – reserve and reserve fund transfers	358,034
Capital expense – transfer to reserves	(491,600)
Total budgeted surplus not reported on statement	\$ 1,280,307

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

8. 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 \$1,962,304 incurred as at December 31, 2011. This project will be financed from reserves and long-term borrowing.

9. 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:

	2011	2010
Balance, beginning of year	\$ 768,817	\$ 646,594
Development contributions	163,738	155,623
Parkland contribution	26,875	7,900
Investment income	11,514	20,154
Grants - Federal Gas Tax	340,339	341,487
Utilization - operating (development charges)	(10,846)	(6,978)
Utilization - capital	(392,398)	(395,963)
Balance, end of year	\$ 908,039	\$ 768,817
Analyzed as follows:		
Parkland	\$ 186,521	\$ 161,943
Development charges	700,783	582,439
Federal Gas Tax	20,735	24,435
	\$ 908,039	\$ 768,817

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

10. 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, 2011 is an amount of \$652,624 (2010 - \$891,593) 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.

11. Water rights and land purchase liabilities:

(a) The water rights and land purchase liabilities on the "Consolidated Statement of Financial Position" are made up of the following:

	2011
Purchase of water rights, interest free, principal repayments August 1 annually	\$ 108,900
Purchase of land, interest free, principal repayments October 24 annually	55,598
	<u>\$ 164,498</u>

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

11. Water rights and land purchase liabilities (continued):

(b) Principal repayments for the purchase of water rights are as follows:

2012	\$	27,225
2013		27,225
2014		27,225
2015		27,225
		<hr/>
		\$ 108,900

(c) Principal repayments for the purchase of the land are as follows:

2012	\$	18,532
2013		18,532
2014		18,534
		<hr/>
		\$ 55,598

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, 2011, in the amount of \$Nil (2010 - \$Nil).

13. Supplementary information:

	2011	2010
Current fund expenditure by object:		
Salaries, wages and employee benefits	\$ 3,027,033	\$ 3,050,762
Materials, services, rents and financial expenses	4,216,891	3,597,769
Transfers to others	162,869	216,493
Amortization	2,117,564	1,915,937
Loss on sale of tangible capital assets	121,299	1,122,644
Total	<hr/>	<hr/>
	\$ 9,645,656	\$ 9,903,605

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

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, 2011, 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, 2010	Additions	Disposals and adjustments	Balance at December 31, 2011
Land	\$ 2,132,697	\$ 78,882	\$ 62,249	\$ 2,149,330
Land improvements and landfill	4,387,391	163,012	–	4,550,403
Buildings	5,919,567	38,972	–	5,958,539
Equipment	3,351,201	202,650	100,064	3,453,787
Forcemain	2,855,660	–	–	2,855,660
Bridges, roads and culverts	28,230,932	441,021	130,209	28,541,744
Maintenance access	333,193	–	–	333,193
Sanitary linear	2,268,797	6,908	–	2,275,705
Storm linear	1,752,083	–	–	1,752,083
Sidewalk	921,900	1,896,473	1,202	2,817,171
Vehicles	3,426,157	351,758	362,820	3,415,095
Water distribution and treatment	8,440,215	6,031,982	–	14,472,197
Work-in-process	5,782,147	248,304	5,887,287	143,164
Total	\$ 69,801,940	\$ 9,459,964	\$ 6,543,831	\$ 72,718,071

Accumulated amortization	Balance at December 31, 2010	Amortization expense	Disposals and adjustments	Balance at December 31, 2011
Land	\$ –	\$ –	\$ –	\$ –
Land improvements and landfill	1,361,929	142,563	–	1,504,492
Buildings	2,543,663	121,358	–	2,665,021
Equipment	1,951,760	190,345	89,032	2,053,073
Forcemain	349,270	28,555	–	377,825
Bridges, roads and culverts	9,279,184	1,039,014	100,360	10,217,838
Maintenance access	130,123	4,441	–	134,564
Sanitary linear	602,965	22,826	–	625,791
Storm linear	405,487	19,229	–	424,716
Sidewalk	442,066	55,166	922	496,310
Vehicles	2,015,926	200,642	344,930	1,871,638
Water distribution and treatment	3,193,735	293,424	–	3,487,159
Work-in-process	–	–	–	–
Total	\$ 22,276,108	\$ 2,117,563	\$ 533,400	\$ 23,858,427

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

15. Tangible capital assets (continued):

	Net book value December 31, 2010	Net book value December 31, 2011
Land	\$ 2,132,697	\$ 2,149,330
Land improvements and landfill	3,025,462	3,045,911
Buildings	3,375,904	3,293,518
Equipment	1,399,441	1,400,714
Forcemain	2,506,390	2,477,835
Bridges, roads and culverts	18,951,748	18,323,906
Maintenance access	203,070	198,629
Sanitary linear	1,665,832	1,649,914
Storm linear	1,346,596	1,327,367
Sidewalk	479,834	2,320,861
Vehicles	1,410,231	1,543,457
Water distribution and treatment	5,246,480	10,985,038
Work-in-process	5,782,147	143,164
Total	\$ 47,525,832	\$ 48,859,644

(a) Work-in-progress:

Assets under construction having a value of \$116,635 (2010 - \$5,782,143) 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.

(c) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$121,299 (2010 - \$918,264).

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

16. Comparative figures:

Certain 2010 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

17. Accumulated municipal equity:

	2011	2010
Operating surplus/deficit breakdown:		
Unfunded liability – landfill closure and post-closure liability	\$ (652,624)	\$ (891,593)
Reserves set aside for specific purposes by Council for:		
Working capital	2,090,537	1,859,760
Fire	819,104	682,142
Sewer and water	2,195,416	1,861,186
Roads	1,794,461	1,514,936
Recreation and culture	218,452	172,300
Waste management	119,240	119,240
Other	51,557	62,931
Total reserves	7,288,767	6,272,495
Reserve funds set aside for specific purpose by legislation, regulation or agreement for:		
Infrastructure	3,356,506	4,000,000
Recreation	9,083	63,415
Roads	378,558	373,858
Waste management	2,388,800	2,462,851
Association and events	16,884	37,620
South Mountain Union Cemetery	15,958	15,828
Total reserve funds	6,165,789	6,953,572
Investment in tangible capital assets:		
Tangible capital assets	48,859,644	47,525,832
Unfinanced capital expenditures	(1,642,889)	(1,880,286)
Investment in tangible capital assets	47,216,755	45,645,546
Total accumulated municipal equity	\$ 60,018,687	\$ 57,980,020

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

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, 2011

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, 2011

	Administration	Protection Services	Transportation Services	Environmental Services	Social and family	Parks Recreation and Culture	Planning and Development	Total
Revenue:								
Investment income	\$ 169,052	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 169,052
Government of Ontario	963,400	–	104,083	695,341	–	16,016	35,832	1,814,672
Government of Canada	344,729	–	45,003	670,341	–	–	1,070	1,061,143
Other municipalities	–	–	53,272	44,858	–	–	–	98,130
Development charges utilized	58,515	–	–	–	–	–	–	58,515
User fees and service charges	403,314	37,802	63,530	1,752,807	–	622,699	114,174	2,994,326
	1,939,010	37,802	265,888	3,163,347	–	638,715	151,076	6,195,838
Expenses:								
Salaries, wages and employee benefits	653,638	280,435	742,525	461,463	–	755,162	133,810	3,027,033
Materials	293,020	342,069	1,175,009	707,227	2,442	535,843	108,955	3,164,565
Contracted services	65,581	68,099	69,295	766,779	–	50,466	1,992	1,022,212
Rents and financial expenses	17,658	–	–	825	–	11,018	613	30,114
External transfers	102,199	58,170	–	–	–	2,500	–	162,869
Amortization	29,905	134,498	1,268,340	457,658	–	220,953	6,210	2,117,564
Loss on write-downs of assets	121,299	–	–	–	–	–	–	121,299
	1,283,300	833,271	3,255,169	2,393,952	2,442	1,575,942	251,580	9,645,656
Excess of revenue over expenses (expenses over revenue)	655,710	(845,469)	(2,989,281)	769,395	(2,442)	(937,227)	(100,504)	(3,449,818)
Funded through:								
Taxation								4,989,245
Penalties and interest								237,971
Other								261,269
								5,488,485
Excess of revenue over expenses								\$ 2,038,667