

Consolidated Financial Statements of

**CORPORATION OF THE
TOWNSHIP OF NORTH FRONTENAC**

Year ended December 31, 2008

Consolidated Financial Statements of

CORPORATION OF THE TOWNSHIP OF NORTH FRONTENAC

Year ended December 31, 2008

CORPORATION OF THE TOWNSHIP OF NORTH FRONTENAC

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AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of the Corporation of the Township of North Frontenac 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 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 style and is underlined with a single horizontal stroke.

Chartered Accountants, Licensed Public Accountants

Kingston, Canada

April 2, 2009

CORPORATION OF THE TOWNSHIP OF NORTH FRONTENAC

Consolidated Statement of Financial Position

December 31, 2008, with comparative figures for 2007

	2008	2007
Assets		
Financial assets:		
Cash (note 3)	\$ 1,679,389	\$ 218,323
Taxes receivable	597,429	519,932
Trade and other receivables	357,914	443,370
Long-term investments (notes 3 and 4)	627,905	909,806
	3,262,637	2,091,431
Liabilities:		
Accounts payable and accrued liabilities	668,381	482,686
Deferred revenue – obligatory reserve funds (note 5)	134,817	166,972
Deferred revenue – other	13,606	8,592
Solid waste management facility liabilities (note 6)	1,006,289	1,378,000
	1,823,093	2,036,250
Net financial assets	\$ 1,439,544	\$ 55,181
Municipal position:		
Capital fund	\$ (360,747)	\$ –
Current fund (note 7)	88,060	150,000
Reserves and reserve funds	2,718,520	1,283,181
	2,445,833	1,433,181
Amounts to be recovered from future revenues	1,006,289	1,378,000
Contingencies (note 13)		
Total municipal position	\$ 1,439,544	\$ 55,181

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

CORPORATION OF THE TOWNSHIP OF NORTH FRONTENAC

Consolidated Statement of Financial Activities

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

	2008	2007
Revenue:		
Net taxation and payments-in-lieu	\$ 3,526,724	\$ 3,238,056
Transfer payments	596,800	420,094
Transfers from deferred obligatory reserve funds	70,191	14,230
Government grants	1,632,558	51,768
Other	550,871	702,065
Investment income	67,344	64,684
	6,444,488	4,490,897
Expenditure:		
Current (note 8):		
General government	816,013	698,622
Protection to persons and property	659,847	951,243
Transportation services	2,112,748	1,764,762
Environmental services (recovery)	(928)	532,547
Health services	8,494	8,355
Recreation and culture	316,911	272,763
Planning and development	206,560	146,128
Total current expenditure	4,119,645	4,374,420
Capital:		
General government	63,374	38,400
Protection to persons and property	413,277	93,574
Transportation services	258,631	341,379
Environmental services (recovery)	129,280	42,710
Health services	-	6,150
Recreation and culture	56,058	19,605
Planning and development	19,860	-
Transfer to deferred obligatory reserve funds	-	23,410
Total capital expenditure	940,480	565,228
Total expenditure	5,060,125	4,939,648
Net revenue (expenditure)	1,384,363	(448,751)
Debt principal repayments	-	(75,942)
Change in solid waste management facility liabilities	(371,711)	218,058
	(371,711)	142,116
Increase (decrease) in fund balances	\$ 1,012,652	\$ (306,635)

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

CORPORATION OF THE TOWNSHIP OF NORTH FRONTENAC

Consolidated Statement of Changes in Financial Position

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

	2008	2007
Operations:		
Net revenue (expenditure)	\$ 1,384,363	\$ (448,751)
Changes in non-cash working capital items		
Taxes receivable	(77,497)	(89,664)
Trade and other receivables	85,456	(172,274)
Accounts payable and accrued liabilities	185,695	26,023
Deferred revenue – obligatory reserve funds	(32,155)	49,429
Deferred revenue – other	5,014	1,350
Solid waste management facility liabilities	(371,711)	218,058
	1,179,165	(415,829)
Financing:		
Debt principal repayments	–	(75,942)
Investing:		
Sale of long-term investments	281,901	105,428
Increase (decrease) in cash	1,461,066	(386,343)
Cash, beginning of year	218,323	604,666
Cash, end of year	\$ 1,679,389	\$ 218,323

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

CORPORATION OF THE TOWNSHIP OF NORTH FRONTENAC

Notes to Consolidated Financial Statements

Year ended December 31, 2008

1. Accounting policies:

The consolidated financial statements of the Corporation of the Township of North Frontenac (the "Township") are prepared by management, in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Basis of consolidation:

- (i) The consolidated financial statements reflect the assets, liabilities, revenues and expenditures and fund balances of the current, capital and reserves and reserve funds 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.

All interfund assets, liabilities and revenues and expenditures have been eliminated.

- (ii) Accounting for upper tier and school board transactions:

The taxation, other revenue, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Frontenac are not reflected in these financial statements.

- (iii) Trust funds:

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the Trust Fund Statement of Financial Position and Statement of Continuity.

(b) Capital assets:

The historical cost and accumulated amortization of capital assets are not reported for municipal purposes. Funds expended on capital assets are reported as capital expenditures on the Consolidated Statement of Financial Activities in the year of acquisition.

CORPORATION OF THE TOWNSHIP OF NORTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

1. Accounting policies (continued):

(c) Deferred revenue – obligatory reserve funds:

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

(d) Deferred revenue – other:

Deferred revenue represents government transfers, service charges and user fees which have been collected but for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the services are performed.

(e) Solid waste management facility 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 fifty-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.

(f) Amounts to be recovered:

Amounts to be recovered from future revenue which represent the future outlay of the solid waste management facility liabilities, are reported as an offset to the municipal position on the Consolidated Statement of Financial Position.

(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 revenue and expenditure 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 FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

1. Accounting policies (continued):

(h) 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.

(i) Investments:

Short-term and long-term investments are recorded at cost plus accrued interest and amortization of purchase premiums and discounts. 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.

(j) Accrual accounting:

Revenue and expenditures are reported on the accrual basis of accounting. Revenue is recognized as it is earned 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.

2. Future accounting standards:

Commencing with the fiscal year beginning January 1, 2009, the municipality 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 FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

3. Restricted assets:

Cash and long-term investments in the amount of \$2,674,910 (2007 - \$1,266,861) have been restricted to support obligatory reserve funds and reserve funds.

4. Long-term investments:

Long-term investments, which consist primarily of government bonds and guaranteed investment certificates, are recorded on the Consolidated Statement of Financial Position at cost, plus accrued interest, which approximates market value.

5. Deferred revenue – obligatory reserve funds:

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

	2008	2007
Balance, beginning of year	\$ 166,972	\$ 122,543
Development contributions	35,388	31,442
Investment income	2,648	3,807
Transfer to current fund	(13,516)	(2,532)
Transfers to capital fund	(56,675)	(11,698)
Transfer from capital fund – federal gasoline tax	–	23,410
Balance, end of year	\$ 134,817	\$ 166,972
Analyzed as follows:		
Recreation land	\$ 96,984	\$ 64,242
Building department	–	42,515
Federal gasoline tax	37,833	60,215
	\$ 134,817	\$ 166,972

CORPORATION OF THE TOWNSHIP OF NORTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

6. Solid waste management facility 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, treatment and monitoring of leachate, monitoring ground water and surface water, gas monitoring and recovery, and ongoing maintenance of various control systems, drainage systems and final cover. The reported liability is based on estimates and assumptions with respect to events extending over a fifty-six year period using the best information available to management. Future events will result in changes to the estimated total expenditures, capacity used or total capacity and the estimated liability and will 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 monitoring activities using an assumed rate of 2% for inflation and a discount factor of 6%. The estimated total landfill closure and post-closure expenditures are estimated to be \$2,851,242 (2007 - \$2,940,000). The Township currently has five active and three inactive landfill sites. For sites that are still active, the estimated liability for these expenditures is recognized as the landfill sites' capacity is used. For sites that are inactive, the estimated liability for these expenditures is recognized immediately. Included in liabilities at December 31, 2008 is an amount of \$1,006,289 (2007 - \$1,378,000) with respect to landfill closure and post-closure obligations recognized to date.

The estimated average remaining capacity of the landfill sites is 56% of the total estimated capacity and the estimated average remaining life of the landfill sites is 29 years, after which the period for post-closure care is estimated to be 25 years.

7. Municipal position at the end of the year:

- (a) The current fund balance of \$80,060 (2007 - \$150,000) at the end of the year is to be applied to operations of the operating fund for the following year.
- (b) The balance available for the general reduction of taxation at December 31, 2008 has been reduced by an amount of \$65,652 (2007 - \$232,937) transferred to the reserves as authorized by Council.

Had this reduction not been made, the current fund – general purpose balance would have shown a surplus of \$153,712 (2007 - \$382,937).

CORPORATION OF THE TOWNSHIP OF NORTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

8. Expenditure:

Expenditure by object classification are as follows:

	2008	2007
Materials and supplies	\$ 2,051,109	\$ 2,094,070
Salaries, wages and benefits	1,844,492	1,642,920
Services, rents and financial services	582,628	623,401
External transfers	13,127	12,119
Interest on municipal debt	—	1,910
Solid waste management facility	(371,711)	—
	\$ 4,119,645	\$ 4,374,420

9. Operations of school boards and the County of Frontenac:

During 2008, requisitions were made by the school boards and the County of Frontenac 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		County of Frontenac	
	2008	2007	2008	2007
Amounts requisitioned and collected	\$ 1,312,891	\$ 1,310,226	\$ 1,298,886	\$ 1,335,827

10. Pension agreement:

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer pension plan which covers substantially all of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employee based on length of service and rates of pay.

The amount contributed to OMERS for 2008 current services was \$65,444 (2007 - \$60,304).

11. Trust funds:

Trust funds administered by the municipality at year end amount to \$97,235 (2007 - \$92,485). Trust funds are reported separately on the Trust Funds Statements of Financial Position and Statements of Continuity.

CORPORATION OF THE TOWNSHIP OF NORTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

12. Budget figures:

The Township reviews its operating and capital budgets annually. The approved operating and capital budgets for 2008 are reflected on the Schedules of Current and Capital Fund Operations. Budget figures have not been audited and are presented for information purposes. Budgets established for capital funds are based on a project-oriented basis, the costs of which may be carried out over one or more years.

13. Contingencies:

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.

14. Financial instruments:

The fair value of the Township's financial instruments that are comprised of cash, taxes receivable, trade and other receivables and accounts payable and accrued liabilities approximates their carrying value due to their short-term nature.

Unless otherwise noted, it is management's opinion that the Township is not exposed to significant interest, currency or credit risks arising from these financial instruments.

15. Segmented information:

The Township of North Frontenac 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.

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

- (a) Administration: Includes corporate services and governance of the Township. Administration is responsible for 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 is provided as well as frontline reception and customer service.

CORPORATION OF THE TOWNSHIP OF NORTH FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

15. Segmented information (continued):

- (b) Protection Services: Includes policing, fire protection, conservation authority, protective inspection and control and emergency measures. The mandate of the police services contract is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes detection, 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 the six active and two inactive landfill sites.
- (e) Parks and Recreation: Provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks and recreation fields.
- (f) Planning and Development: Manages rural 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.
- (g) Cemeteries: Includes the management and maintenance of municipal cemeteries.

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 taxation such as 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 FRONTENAC

Schedule of Current Fund Operations

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

	Budget 2008	Actual 2008	Actual 2007
	(unaudited)		
Revenue:			
Net taxation and payments-in-lieu	\$ 3,596,464	\$ 3,526,724	\$ 3,238,056
Transfer payments	596,800	596,800	420,094
Transfers from deferred obligatory reserve funds	–	13,516	2,532
Grants	103,032	1,568,575	28,358
Investment income	25,000	27,450	23,608
Other	581,374	550,871	702,065
Total revenue	4,902,670	6,283,936	4,414,713
Expenditure:			
General government	775,977	816,013	698,622
Protection to persons and property	768,496	659,847	951,243
Transportation services	2,131,608	2,112,748	1,764,762
Environmental services	472,590	370,783	314,489
Solid waste management facility liabilities (recovery)	–	(371,711)	218,058
Cemeteries	22,800	8,494	8,355
Recreation and culture	374,210	316,911	272,763
Planning and development	253,850	206,560	146,128
Total expenditures	4,799,531	4,119,645	4,374,420
Net revenue	103,139	2,164,291	40,293
Financing and transfers:			
Debt principal repayments	–	–	(75,942)
Transfers to reserves and reserve funds	665,547	(1,323,815)	(3,365)
Transfers to capital fund	(768,686)	(530,705)	(179,044)
Change in solid waste management facility liabilities	–	(371,711)	218,058
Net financing and transfers	(103,139)	(2,226,231)	(40,293)
Change in current fund balance	–	(61,940)	–
Opening current fund balance	150,000	150,000	150,000
Closing current fund balance	\$ 150,000	\$ 88,060	\$ 150,000

CORPORATION OF THE TOWNSHIP OF NORTH FRONTENAC

Schedule of Capital Fund Operations

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

	Budget 2008 (unaudited)	Actual 2008	Actual 2007
Revenue:			
Transfers from deferred obligatory reserve funds	\$ –	\$ 56,675	\$ 11,698
Government grants – federal gas tax	–	–	23,410
Government grants – Ontario	–	63,983	–
Total revenue	–	120,658	35,108
Expenditure:			
General government	125,258	63,374	38,400
Protection to persons and property	325,000	413,277	93,574
Transportation services	82,500	258,631	341,379
Environmental services	172,899	129,280	42,710
Cemeteries	–	–	6,150
Recreation and culture	63,029	56,058	19,605
Planning and development	–	19,860	–
Transfer to deferred obligatory reserve funds	–	–	23,410
Total expenditure	768,686	940,480	565,228
Net expenditure	(768,686)	(819,822)	(530,120)
Financing and transfers:			
Transfers from current fund	768,686	530,705	179,044
Transfers from (to) reserves and reserve funds	–	(71,630)	351,076
Additions to debt	–	–	–
Net financing and transfers	–	459,075	530,120
Change in capital fund balance	–	(360,747)	–
Opening capital fund balance	–	–	–
Closing capital fund balance	\$ –	\$ (360,747)	\$ –

CORPORATION OF THE TOWNSHIP OF NORTH FRONTENAC

Schedule of Reserves and Reserve Funds

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

	2008	2007
Revenue:		
Investment income	\$ 39,894	\$ 41,076
Net transfers from (to) other funds:		
Transfers from current fund	1,323,815	3,365
Transfers from (to) capital fund	71,630	(351,076)
Total net transfers	1,395,445	(347,711)
Change in reserves and reserve fund balance	1,435,339	(306,635)
Opening reserves and reserve fund balance	1,283,181	1,589,816
Closing reserves and reserve fund balance	\$ 2,718,520	\$ 1,283,181
Analyzed as follows:		
Reserves set aside for specific purposes by Council:		
Working capital	\$ 150,000	\$ 150,000
Other	28,427	33,292
Total reserves	178,427	183,292
Reserve funds set aside for specific purposes by Council:		
Protection	305,488	220,916
Roads	1,517,931	194,224
Other	716,674	684,749
Total reserve funds	2,540,093	1,099,889
Total reserves and reserve funds	\$ 2,718,520	\$ 1,283,181

CORPORATION OF THE TOWNSHIP OF NORTH FRONTENAC

Schedule of Segment Disclosure

Year ended December 31, 2008

	Administration	Protection Services	Transportation Services	Environmental Services	Parks and Recreation	Planning and Development	Cemeteries	Total
Taxation	\$ 408,438	\$ 944,169	\$ 1,645,867	\$ 31,019	\$ 263,071	\$ 223,638	\$ 10,522	\$3,526,724
Penalties and interest	78,709	—	—	—	—	—	—	78,709
Investment income	27,450	—	—	—	—	—	—	27,450
Government unconditional grants	346,800	—	250,000	—	—	—	—	596,800
Government conditional grants	119,513	—	1,378,982	40,286	29,794	—	—	1,568,575
Other	60,447	22,445	151,078	122,164	116,028	—	—	472,162
Total revenue	1,041,357	966,614	3,425,927	193,469	408,893	223,638	10,522	\$6,270,420
Salaries, wages and employee benefits	545,147	111,701	753,724	186,170	107,557	140,194	—	1,844,493
Materials	231,647	252,437	1,345,991	50,245	129,732	39,160	1,897	2,051,109
Contracted services	32,611	282,582	13,033	134,368	79,247	27,206	6,625	575,672
Rents and financial expenses	6,581	—	—	—	375	—	—	6,956
External transfers	—	13,127	—	—	—	—	—	13,127
Total expenditures	815,986	659,847	2,112,748	370,783	316,911	206,560	8,522	4,491,357
Transfers to/from reserves/refunds, capital fund	276,711	309,097	1,319,084	(177,314)	92,910	18,515	2,000	1,841,003
Net revenue (expenditures)	\$ (51,340)	\$ (2,330)	\$ (5,905)	\$ —	\$ (928)	\$ (1,437)	\$ —	\$ (61,940)

See accompanying notes to financial statements.



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AUDITORS' REPORT

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

We have audited the statement of financial position of the trust funds of the Corporation of the Township of North Frontenac as at December 31, 2008 and the statement of continuity of 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 as at December 31, 2008 and the continuity of 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' in a cursive, slanted style. A horizontal line is drawn underneath the signature.

Chartered Accountants, Licensed Public Accountants

Kingston, Canada

April 2, 2009

CORPORATION OF THE TOWNSHIP OF NORTH FRONTENAC TRUST FUNDS

Statement of Financial Position

December 31, 2008, with comparative figures for 2007

Name of Fund	Cemetery	Perpetual Care	2008 Total	2007 Total
Assets				
Current assets:				
Cash and short-term investments	\$ 25,225	\$ 72,010	\$ 97,235	\$ 92,485
Fund Balances				
Fund balances	\$ 25,225	\$ 72,010	\$ 97,235	\$ 92,485

Statement of Continuity

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

Name of Fund	Cemetery	Perpetual Care	2008 Total	2007 Total
Balance, beginning of year	\$ 24,166	\$ 68,319	\$ 92,485	\$ 85,007
Accrued investment income	-	221	221	-
Contributions	400	1,605	2,005	3,850
Interest earned	659	1,865	2,524	3,628
	1,059	3,691	4,750	7,478
Balance, end of year	\$ 25,225	\$ 72,010	\$ 97,235	\$ 92,485

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

CORPORATION OF THE TOWNSHIP OF NORTH FRONTENAC TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2008

1. Significant accounting policies:

The financial statements of the Corporation of the Township of North Frontenac Trust Funds are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute for Chartered Accountants.

(a) Basis for accounting:

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

(b) Revenue recognition:

Revenues and expenditures are recorded on an accrual basis.

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

(c) Use of estimates:

The preparation of financial statements in conformity with Canadian 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 revenue and expenditures during the period. Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

2. Statement of changes in financial position:

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

3. Financial instruments:

The fair value of the trust funds' financial instruments that are comprised of cash and short-term investments approximates their carrying value due to their short-term nature.