

Audited Financial Statements

**CORPORATION OF  
LOYALIST TOWNSHIP**

Year ended December 31, 2010

Audited Financial Statements of

# **CORPORATION OF LOYALIST TOWNSHIP**

Year ended December 31, 2010

## **CORPORATION OF LOYALIST TOWNSHIP**

Management's Responsibility for the Consolidated Financial Statements

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

The accompanying consolidated financial statements of the Corporation of Loyalist Township (the "Corporation") are the responsibility of the Corporation's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board 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.

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

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Diane Pearce  
Chief Administrative Officer

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Alida Moffatt  
Treasurer



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## **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants and Ratepayers of the Corporation of Loyalist Township

We have audited the accompanying consolidated financial statements of the Corporation of Loyalist Township, which comprise the statement of financial position as December 31, 2010, the consolidated statements of operations and accumulated surplus, change in net debt 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 Loyalist Township 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.

Chartered Accountants, Licensed Public Accountants

June 27, 2011

Kingston, Canada

# CORPORATION OF LOYALIST TOWNSHIP

## Consolidated Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	2010	2009
Financial assets:		
Cash (note 4(a))	\$ 3,449,624	\$ 2,793,427
Taxes receivable	1,236,788	993,935
Water and sewer billings receivable	593,510	633,916
Accounts receivable	2,132,913	2,524,781
Land held for resale	1,437,167	1,455,666
Other assets	28,137	26,477
	<u>8,878,139</u>	<u>8,428,202</u>
Financial liabilities:		
Bank line of credit (note 4(b))	776,291	2,621,903
Bank term loans (note 4(c))	2,883,328	7,000,000
Accounts payable and accrued liabilities	3,657,194	4,452,285
Deferred revenue – obligatory reserve funds (note 9)	1,446,660	943,007
Employee benefit obligations (note 6)	545,349	501,428
Landfill closure and post-closure liability (note 10)	525,529	525,529
Long-term liabilities (note 7)	9,036,748	2,497,120
	<u>18,871,099</u>	<u>18,541,272</u>
Net debt	(9,992,960)	(10,113,070)
Other non-financial assets:		
Tangible capital assets (note 15)	99,248,651	95,952,124
Inventory and prepaid expense	366,175	431,520
Commitments (note 8)		
Contingent liabilities (note 14)		
Accumulated surplus (note 11)	<u>\$ 89,621,866</u>	<u>\$ 86,270,574</u>

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

# CORPORATION OF LOYALIST TOWNSHIP

## Consolidated Statement of Operations and Accumulated Surplus

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

	Budget (note 12)	Actual 2010	Actual 2009
<b>Revenue:</b>			
Property taxation	\$ 8,203,000	\$ 8,189,469	\$ 7,849,950
Taxation from other governments	1,099,900	1,113,487	1,424,755
User charges for operations	8,149,400	7,938,023	7,492,134
User charges for capital works	2,325,900	424,291	164,310
Ontario grants	3,453,800	3,391,201	5,292,607
Canada grants	181,300	156,594	2,161,108
Deferred revenue earned	360,200	418,037	298,149
Proceeds from sale of assets	296,300	325,001	76,097
Investment income	21,500	43,436	24,108
Penalties and interest on taxes	190,000	206,259	197,832
Donations	104,800	81,071	
Other	40,700	57,510	129,640
Developer contributions of tangible capital assets	–	2,547,616	718,360
Gain on sale of assets	–	11,229	5,391
<b>Total revenue</b>	<b>24,426,800</b>	<b>24,903,224</b>	<b>25,834,441</b>
<b>Expenses (note 13):</b>			
General government	1,916,100	1,829,651	1,631,746
Protection to persons and property	4,090,700	3,980,402	3,871,872
Transportation services	7,449,400	6,559,774	6,861,326
Environmental services	6,827,800	5,962,972	6,285,271
Health services - cemeteries	24,600	21,282	24,273
Recreation and cultural services	2,623,400	2,551,892	2,658,276
Planning and development	589,600	645,959	525,023
<b>Total current expenses</b>	<b>23,521,600</b>	<b>21,551,932</b>	<b>21,857,787</b>
<b>Annual surplus</b>	<b>905,200</b>	<b>3,351,292</b>	<b>3,976,654</b>
<b>Accumulated surplus, beginning of year</b>		<b>86,270,574</b>	<b>82,293,920</b>
<b>Accumulated surplus, end of year</b>		<b>\$ 89,621,866</b>	<b>\$ 86,270,574</b>

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

# CORPORATION OF LOYALIST TOWNSHIP

## Consolidated Statement of Change in Net Debt

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

	2010	2009
Annual surplus	\$ 3,351,292	\$ 3,976,654
Amortization of tangible capital assets	3,379,447	3,121,279
Acquisition of tangible capital assets	(4,152,729)	(9,874,294)
Developer contributions of tangible capital assets	(2,547,616)	(718,360)
Proceeds on disposal of tangible capital assets	35,600	7,500
Change in inventories and prepaid expenses	65,345	11,985
Gain on sale of tangible capital assets	(11,229)	(5,390)
	(3,231,182)	(7,457,280)
Change in net debt	120,110	(3,480,626)
Net debt, beginning of year	(10,113,070)	(6,632,444)
Net debt, end of year	\$ (9,992,960)	\$ (10,113,070)

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

# CORPORATION OF LOYALIST TOWNSHIP

## Consolidated Statement of Cash Flows

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

	2010	2009
Operations:		
Annual surplus	\$ 3,351,292	\$ 3,976,654
Items not involving cash:		
Amortization	3,379,447	3,121,279
Gain on sale of tangible capital assets	(11,229)	(5,390)
Developer contributions of tangible capital assets	(2,547,616)	(718,360)
Change in landfill liability	–	15,200
Change in employee benefit obligations	43,921	(12,521)
	<u>864,523</u>	<u>2,400,208</u>
Change in non-financial assets:		
Increase in prepaid expenses	(8,934)	(26,680)
Decrease in inventory	74,279	38,665
	<u>65,345</u>	<u>11,985</u>
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	(242,853)	67,671
Decrease (increase) in water and sewer billings receivable	40,406	(2,042)
Decrease in accounts receivable	391,868	686,033
Decrease (increase) in other assets	(1,660)	2,587
Decrease in land held for resale	18,499	–
Decrease in operating line of credit	(1,845,612)	(1,700,303)
Increase (decrease) in accounts payable and accrued liabilities	(795,091)	1,283,534
Increase in deferred revenue – obligatory reserve funds	503,653	89,569
	<u>(1,930,790)</u>	<u>427,049</u>
Net change in cash from operations	<u>2,350,370</u>	<u>6,815,896</u>
Capital transactions:		
Proceeds on sale of tangible capital assets	35,600	7,500
Cash used to acquire tangible capital assets	(4,152,729)	(9,874,294)
	<u>(4,117,129)</u>	<u>(9,866,794)</u>
Financing transactions:		
Advance (retirement) of construction loan financing	(7,000,000)	3,000,000
Debt issued and assumed	9,826,300	988,760
Repayment of term loans	–	(988,760)
Principal repayments on long-term debt	(403,344)	(165,515)
	<u>2,422,956</u>	<u>2,834,485</u>
Increase (decrease) in cash	<u>656,197</u>	<u>(216,413)</u>
Cash, beginning of year (note 4)	2,793,427	3,009,840
Cash, end of year (note 4)	<u>\$ 3,449,624</u>	<u>\$ 2,793,427</u>

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

# CORPORATION OF LOYALIST TOWNSHIP

## Notes to Consolidated Financial Statements

Year ended December 31, 2010

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### 1. Significant accounting policies:

The consolidated financial statements of the Corporation of Loyalist Township (the "Township") are the representation of management prepared in accordance with Canadian public sector accounting standards. 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, revenue and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards which are owned or controlled by the Township.

(ii) Accounting for County and school board transactions:

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

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

(b) Basis of accounting:

The Township follows the accrual method of accounting for revenue and expenses. Revenue is normally recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Employee benefit obligations:

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

Actuarial gains (losses), which can arise from changes in actuarial assumptions used to determine the accrued benefit obligation, are amortized over the average remaining service period of active employees, which is estimated to be 13 years.

# CORPORATION OF LOYALIST TOWNSHIP

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

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## 1. Significant accounting policies (continued):

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

The municipality 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 expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

### (e) Deferred revenue – 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 they are expended.

### (f) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Significant items subject to such estimates and assumptions include the valuation for employee benefit obligations and landfill closure and post-closure liability.

In addition, the Township's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

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

### (g) 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 amount can be made.

# CORPORATION OF LOYALIST TOWNSHIP

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

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## 1. Significant accounting policies (continued):

(h) Land held for resale:

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvement to prepare the land for sale or servicing.

(i) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful Life - Years
Land improvements	15 to 30
Buildings and building improvements	30 to 60
Vehicles	10 to 20
Machinery and equipment	10 to 30
Water and wastewater infrastructure	15 to 100
Roads infrastructure - Base	50
- Surface	6 to 20

Amortization is charged from the date the asset is put into use until such time it is disposed of or the end of its estimated useful life. 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) Works of art and cultural and historic assets:

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

# CORPORATION OF LOYALIST TOWNSHIP

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

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## 1. Significant accounting policies (continued):

(i) Non-financial assets (continued):

(iv) Interest capitalization:

The Township does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(v) Inventories of supplies:

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

## 2. Operations of school boards and the County of Lennox and Addington:

During 2010, requisitions were made by the school boards and the County of Lennox and Addington 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:

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	School Boards		County of Lennox and Addington	
	2010	2009	2010	2009
Amounts requisitioned and collected	\$ 4,281,651	\$ 4,440,064	\$ 7,253,907	\$ 7,270,047

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## 3. Trust funds:

Trust funds administered by the municipality, amounting to \$57,397 (2009 - \$57,423), have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities".

# CORPORATION OF LOYALIST TOWNSHIP

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

## 4. Cash (bank indebtedness):

	2010	2009
Cash (bank indebtedness) position:		
(a) Cash on deposit	\$ 3,449,624	\$ 2,793,427
(b) Bank line of credit	(776,291)	(2,621,903)
	<u>\$ 2,673,333</u>	<u>\$ 171,524</u>

The Township's financial agreement with its bank provides for an operating credit facility of up to \$5,000,000 to finance expenses, pending receipt of property taxes and other income. Interest on funds is charged at the bank's prime rate.

## (c) Bank term loans:

	2010	2009
Fixed rate term loan, interest at 1.66%, due April 2011	\$ (1,433,328)	\$ -
Fixed rate term loan, interest at 1.69%, due March 2011	(1,450,000)	
Construction financing loan, interest at prime	-	(7,000,000)
	<u>\$ (2,883,328)</u>	<u>\$ (7,000,000)</u>

## 5. Pension agreements:

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 108 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 current service in 2010 was \$361,839 (2009 - \$331,142). The municipality also made contributions to Registered Retirement Savings Plans on behalf of 3 members of its staff. The amount contributed to these plans for 2010 was \$8,142 (2009 - \$7,068).

# CORPORATION OF LOYALIST TOWNSHIP

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

## 6. Employee benefit obligations:

### (a) Employee benefit obligations:

Employee benefit obligations of the Township as at December 31 are as follows:

	2010	2009
Non-pension retirement benefits (note 6(b))	\$ 297,901	\$ 287,125
Workplace Safety and Insurance Board obligations (note 6(c))	133,696	125,072
Vacation leave (note 6(d))	113,752	89,231
	545,349	501,428
Amounts previously funded from operations	(135,730)	(107,801)
Amounts to be recovered from reserve funds	(125,756)	(114,761)
Amounts to be recovered from future revenue	\$ 283,863	\$ 278,866

### (b) Employee non-pension retirement benefits (Extended health care and dental benefits for early retirees):

The Township provides extended health care, dental and other benefits to its employees. Extended health care and dental benefits continue to be available to early retirees up to the age of 65, with the retiree generally being responsible for paying 50% of the benefit premiums.

An independent actuarial study of the employee non-pension retirement benefits has been undertaken. The most recent valuation of the employee future benefits was completed at December 31, 2007.

The accrued benefit obligation relating to employee non-pension retirement benefits has been actuarially determined using the projected benefit method pro-rated on services. At December 31, 2010, based on an actuarial update, the accrued benefit obligation was \$313,977 (2009 - \$304,663).

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

Discount rate	5.0% per annum
Inflation rate	2.0% per annum
Salary escalation	3.0% per annum
Dental benefits escalation	4.0% per annum
Health benefits escalation	Reducing over 12 years from 8% per annum in 2008 to reach 4% in 2020

# CORPORATION OF LOYALIST TOWNSHIP

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

## 6. Employee benefit obligations (continued):

- (b) Employee non-pension retirement benefits (Extended health care and dental benefits for early retirees) (continued):

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

	2010	2009
Accrued benefit liability, beginning of year	\$ 287,125	\$ 276,365
Expense recognized for the year	12,251	11,439
Interest cost	15,089	14,635
Benefits paid for the year	(18,026)	(16,776)
Amortization of loss over estimated average remaining life (13 years)	1,462	1,462
Accrued benefit liability, end of year	\$ 297,901	\$ 287,125

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

	2010	2009
Accrued benefit obligation, beginning of year	\$ 313,977	\$ 304,663
Unamortized actuarial loss	(16,076)	(17,538)
Accrued benefit liability, end of year	\$ 297,901	\$ 287,125

- (c) Workplace safety and insurance:

In common with other Schedule 2 employers, the Township funds its obligations to the Workplace Safety and Insurance Board on a "pay-as-you-go" basis for employees under Schedule 2. The most recent valuation of this obligation was completed at December 31, 2007.

At December 31, 2010, based on an actuarial update, the Township's accrued benefit obligation relating to future payments on Workplace Safety and Insurance Board claims is \$149,203 (2009 - \$142,794).

# CORPORATION OF LOYALIST TOWNSHIP

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

## 6. Employee benefit obligations (continued):

### (c) Workplace safety and insurance (continued):

Information with respect to the Township's Workplace Safety and Insurance Board future payments, as determined by actuarial valuation, is as follows:

	2010	2009
Accrued benefit liability, beginning of year	\$ 125,072	\$ 117,924
Expense recognized for the period	26,963	26,081
Plus interest costs	7,122	6,845
Benefits paid for the period	(27,676)	(27,993)
Amortization of loss over estimated average remaining life (9 years)	2,215	2,215
Accrued benefit liability, end of year	\$ 133,696	\$ 125,072

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

	2010	2009
Accrued benefit obligation, beginning of year	\$ 149,203	\$ 142,794
Unamortized actuarial loss	(15,507)	(17,722)
Accrued benefit liability, end of year	\$ 133,696	\$ 125,072

### (d) Liability for vacation credits:

Compensated vacation expense is accrued for employees as entitlement to these payments is earned in accordance with the Township's benefit plans for vacation time. Vacation credits earned as at December 31, 2010 amount to \$113,752 (2009 - \$89,231).

## 7. Long-term liabilities:

### (a) The long-term liabilities reported on the "Consolidated Statement of Financial Position" are made up of following:

	2010	2009
Total long-term liabilities incurred by the municipality outstanding at the end of the year and to be recovered from future revenue	\$ 9,036,748	\$ 2,497,120

# CORPORATION OF LOYALIST TOWNSHIP

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

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## 7. Long-term liabilities (continued):

(b) Principal due on long-term liabilities is summarized as follows:

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2012	\$ 557,613
2013	564,241
2014	571,188
2015	578,468
2016	586,098
2017 and thereafter	6,179,140
	<hr/>
	\$ 9,036,748

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(c) Total interest on long-term liabilities that are reported on the Consolidated Statement of Operations amounted to \$264,719. The long-term liabilities bear interest at rates ranging from 2.43% to 5.07% with term renewals to take place in 2012 through to 2030.

(d) The long-term liabilities in (a), issued in the name of the municipality, have been approved by by-law. The annual principal and interest payments to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

## 8. Commitments:

(a) In June 2009, the Township awarded Canadian Waste Services Inc. a three-year contract for garbage collection service in the Bath and Ernestown Wards, to expire on May 31, 2012. Costs are expected to be approximately \$232,000 in 2011 (\$239,700 in 2010) and are financed out of operating revenue.

(b) In July 2006, the Township entered into an agreement with the City of Kingston for Recycling and other Waste Management Services that are provided through a third party in a six-year agreement with the City of Kingston. Costs are expected to be approximately \$327,900 in 2011 (\$378,900 in 2010) and are financed out of operating revenue.

(c) The agreement with the Ontario Provincial Police for policing services expired on June 30, 2010. The terms of service from July 2010 to February 2011 continued pending the execution of a new agreement. In March 2011, the Township passed a resolution and a by-law to renew the agreement for a further five year term. Based on the contract renewal, costs are expected to be approximately \$2,576,400 in 2011 (\$2,334,300 in 2010) and will be financed out of operating revenue.

# CORPORATION OF LOYALIST TOWNSHIP

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

## 8. Commitments (continued):

(d) In June of 2007, the Township entered into a new six-year agreement with the City of Kingston for the provision of transit services at an annual cost of approximately \$374,000, subject to annual cost index adjustments. With the availability of 2005 provincial gasoline tax funding, the Township expanded its weekday and transit service effective September 2005. The contracted cost in 2011 of approximately \$434,000 will be financed from operating revenue (\$293,000) and available provincial gasoline tax funding (\$141,000).

## 9. Deferred revenue – obligatory reserve funds:

A requirement of Canadian public sector accounting standards 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. To the extent that receipts of gasoline tax funds are applied in the year, the receipt has been reported as a Provincial or Federal grant, as applicable. Receipts in the year over and above utilization are added to deferred revenue. The balances in the obligatory reserve funds of the Township are summarized below:

	2010	2009
Balance, beginning of year	\$ 943,007	\$ 853,438
Development contributions	376,688	333,167
Provincial gasoline tax receipts	31,464	36,876
Federal gasoline tax receipts	463,548	–
Recreational land	39,940	10,100
Investment income	10,050	7,574
Deferred capital revenue earned	(57,837)	(295,558)
Deferred operational revenue earned	(360,200)	(2,590)
<b>Balance, end of year</b>	<b>\$ 1,446,660</b>	<b>\$ 943,007</b>

	2010	2009
Analyzed as follows:		
Recreation land	\$ 173	\$ 61
Development charges	717,733	695,428
Provincial gasoline tax	262,275	225,449
Federal gas tax	466,479	937
Federal transit funding	–	21,132
	<b>\$ 1,446,660</b>	<b>\$ 943,007</b>

# CORPORATION OF LOYALIST TOWNSHIP

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

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## 10. Landfill closure and post-closure liability:

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 fifty-five year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities using an estimated inflation rate of 2% and discounted at the Township's average long-term borrowing rate of 6.00%. The estimated total landfill closure and post-closure care expenses are calculated to be \$759,887. The estimated liability for these expenses is recognized as the landfill site's capacity is used. Included in the Statement of Financial Position at December 31, 2010 is an amount of \$525,529 (2009 - \$525,529) with respect to landfill closure and post-closure liabilities recognized to date.

The estimated remaining capacity of the Violet Road landfill site is 26% (232,780 cubic meters) of its total estimated capacity and its estimated remaining life is 27 years, after which the period for post-closure care is estimated to be 25 years.

The estimated remaining capacity of the Amherst Island landfill site is 43% (15,270 cubic meters) of its total estimated capacity and its estimated remaining life is 30 years, after which the period for post-closure care is estimated to be 25 years.

The landfill closure and post-closure liability at December 31 is to be recovered as follows:

	2010	2009
Landfill closure and post-closure liability	\$ 525,529	\$ 525,529
Amounts previously funded from operations	(291,600)	(291,600)
Amounts to be recovered from reserve funds	(233,929)	(233,929)
Amounts to be recovered from future revenue	\$ —	\$ —

# CORPORATION OF LOYALIST TOWNSHIP

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

## 11. Accumulated surplus:

	2010	2009
Operating surplus:		
General purpose (applicable to all ratepayers and properties)	\$ 1,370,194	\$ 638,150
Amherstview Sewer Area	(51,051)	32,200
Odessa Sewer Area	–	(113,867)
Fairfield Water Area	13,062	(48,884)
Bath Sewer Area	(11,685)	107,920
Bath Water Area	71,384	43,858
Amherstview Transit Area	(5,110)	(9,532)
Amherstview Island Ferry Area	10,680	3,262
Total operating surplus/deficit	1,397,474	653,107
Funded (unfunded) surplus:		
Land held for resale	1,437,167	1,455,666
Landfill closure costs	(233,929)	(233,929)
Employee benefit obligations	(409,619)	(393,627)
	793,619	828,110
Investment in tangible capital assets:		
Equity in tangible capital assets	99,248,651	95,952,124
Capital costs financed by long-term debt	(11,920,076)	(2,497,120)
Capital costs financed internally	(896,600)	(978,500)
Capital costs not yet funded	(4,482,648)	(14,538,778)
Unexpended capital financing	1,421,188	2,562,559
	83,370,515	80,500,285
Reserves set aside for specific purposes by Council:		
Future expenses	40,021	65,856
Tax rate stabilization	83,646	351,746
Working capital	652,425	652,425
Total reserves	776,092	1,070,027

# CORPORATION OF LOYALIST TOWNSHIP

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

## 11. Accumulated surplus (continued):

	2010	2009
Reserve funds set aside for specific purposes by Council:		
General rate:		
Violet Road landfill	286,372	283,994
Capital works – general rate	70,300	58,878
Quarry rehabilitation	25,365	25,154
Bath Hydro sale proceeds	55,593	55,117
Bath Hydro community groups	50,381	50,279
Zamboni	58,988	51,353
Second ice pad	–	87,007
Scholarships	14,386	12,368
Museum	6,183	6,131
Industrial development	4,689	4,650
Subdivision charges	33,237	32,960
Workplace Safety Insurance Board claims	125,756	114,761
Ernestown Ward	213,777	164,638
	<u>945,027</u>	<u>947,290</u>
Special area rate:		
Ferry berthage	583,200	578,347
Amherstview Transit Area	62,900	90,250
Amherstview Sewer Area	545,763	483,009
Fairfield Water Area	278,016	241,198
Bath Sewer Area	869,260	878,951
	<u>2,339,139</u>	<u>2,271,755</u>
Total reserve funds	<u>3,284,166</u>	<u>3,219,045</u>
Total accumulated surplus	<u>\$ 89,621,866</u>	<u>\$ 86,270,574</u>

# CORPORATION OF LOYALIST TOWNSHIP

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

## 12. Budget data:

Loyalist Township Council completes a review of the municipality's operating and capital budgets each year. The budget for 2010 reported on the "Statement of Operations and Accumulated Surplus" includes adjustments for the amortization expense recorded in 2010, for the change in non-financial assets and for recognition of approved budgets for capital projects carried over from the previous fiscal year, as authorized by Council. Budgets established for capital projects are set on a project oriented basis, the costs of which may be carried out over one or more fiscal years.

The adjustments enhance the comparability between budget and actual results as Public Sector Accounting Board requirements stipulate that actual results include the expensing of the change in non-financial assets in the current year.

These 2010 budget numbers have not been audited and are presented for information purposes.

	Operations	Capital authority approved for 2010	Capital authority carried over from 2009	Total
As approved:				
Revenue	\$(21,795,700)	\$ (2,900,700)	\$ (1,051,200)	\$(25,747,600)
Reclassify from internal transfers:				
Other	562,700	–	–	562,700
Debt issue	–	–	758,100	758,100
	(21,233,000)	(2,900,700)	(293,100)	(24,426,800)
Expenses	19,590,500	8,315,000	4,185,500	32,091,000
Less acquisition of tangible capital assets	–	(7,608,500)	(3,783,700)	(11,392,200)
Amortization	3,424,100	–	–	3,424,100
Principal on debt repayment	(601,300)	–	–	(601,300)
	22,413,300	706,500	401,800	23,521,600
Internal transfers:				
Operating budget	2,653,200	–	–	2,653,200
Capital budget	–	(2,414,300)	(611,700)	(3,026,000)
Eliminate	(2,653,200)	2,414,300	611,700	372,800
	–	–	–	–
Net annual (surplus) deficit	\$ 1,180,300	\$ (2,194,200)	\$ 108,700	\$ (905,200)

# CORPORATION OF LOYALIST TOWNSHIP

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

## 13. Supplementary information:

	2010	2009
Expense by object:		
Salaries, wages and employee benefits	\$ 8,559,894	\$ 8,065,365
Materials, services, rents and financial expenses	9,392,155	10,436,859
Transfers to others	220,436	234,284
Amortization	3,379,447	3,121,279
<b>Total</b>	<b>\$ 21,551,932</b>	<b>\$ 21,857,787</b>

## 14. Contingent liabilities:

- (a) 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 defenses 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.
- (b) The Township is contingently liable for long-term liabilities with respect to the tile drainage and shoreline property assistance loans and for those for which the responsibility for the payment of principal and interest has been assumed by other municipalities, school boards and unconsolidated local boards, municipal enterprises and utilities. The total amount outstanding as at December 31, 2010 is \$2,062 (2009 - \$3,964).

## 15. Tangible capital assets:

Cost	Balance at December 31, 2009	Transfers and additions	Transfers, disposals and adjustments	Balance at December 31, 2010
Land	\$ 3,760,933	\$ 211,943	\$ -	\$ 3,972,876
Landfill and land improvements	2,834,948	569,141	-	3,404,089
Buildings and building improvements	8,281,889	13,923	-	8,295,812
Vehicles, machinery and equipment	8,444,249	916,656	329,579	9,031,326
Water infrastructure	36,094,361	3,632,418	3,262	39,723,517
Wastewater infrastructure	27,804,791	7,296,812	-	35,101,603
Roads infrastructure	45,374,610	2,174,458	-	47,549,068
Assets under construction	10,714,015	446,086	8,561,015	2,599,086
<b>Total</b>	<b>\$ 143,309,796</b>	<b>\$ 15,261,437</b>	<b>\$ 8,893,856</b>	<b>\$ 149,677,377</b>

# CORPORATION OF LOYALIST TOWNSHIP

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	Transfers, disposals and adjustments	Balance at December 31, 2010
Land	\$ -	\$ -	\$ -	\$ -
Landfill and land improvements	2,339,030	69,558	-	2,408,588
Buildings and building improvements	2,603,546	140,421	2	2,743,965
Vehicles, machinery and equipment	4,039,520	494,815	307,435	4,226,900
Water infrastructure	9,431,464	759,891	1,020	10,190,335
Wastewater infrastructure	6,270,201	677,016	(2)	6,947,219
Roads infrastructure	22,673,910	1,237,746	(63)	23,911,719
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 47,357,671</b>	<b>\$ 3,379,447</b>	<b>\$ 308,392</b>	<b>\$ 50,428,726</b>

	Net book value December 31, 2009	Net book value December 31, 2010
Land	\$ 3,760,933	\$ 3,972,876
Landfill and land improvements	495,918	995,501
Buildings and building improvements	5,678,343	5,551,847
Vehicles, machinery and equipment	4,404,729	4,804,426
Water infrastructure	26,662,897	29,533,182
Wastewater infrastructure	21,534,590	28,154,384
Roads infrastructure	22,700,700	23,637,349
Assets under construction	10,714,015	2,599,086
<b>Total</b>	<b>\$ 95,952,125</b>	<b>\$ 99,248,651</b>

(a) Assets under construction:

Assets under construction having a value of \$2,599,086 (2009 - \$10,714,015) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$2,547,616 (2009 - \$718,360) comprised of roads infrastructure in the amount of \$1,313,720 (2009 - \$379,623) and water and wastewater infrastructure in the amount of \$1,233,896 (2009 - \$338,737).

# CORPORATION OF LOYALIST TOWNSHIP

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

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## 15. Tangible capital assets (continued):

(c) Tangible capital assets disclosed at nominal values:

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

(d) 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.

(e) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$Nil (2009 - \$Nil).

## 16. Segmented information:

The Township is a municipal government institution that provides a range of services to its citizens, including police, fire, transportation, recreational, environmental and water and sewage. 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) General Government:

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

# CORPORATION OF LOYALIST TOWNSHIP

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

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## 16. 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 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:

Includes winter and summer maintenance, repair and construction of the municipal roads system including bridges and culverts, sidewalks, and streetlights. The Township provides operational services on County Roads within the Township and recovers the majority of allocated operating costs in accordance with a formula used on a County wide basis.

### (d) Environmental Services:

Includes solid waste management including administration of waste collection and recycling contracts, operation of two landfill sites within the Township, stormwater management, and the eventual start-up for the operation of the Amherstview Septage facility.

### (e) 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, the pool and the arena.

### (f) 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, and the application and enforcement of the zoning by-law and official plan.

### (g) Fairfield Water/Loyalist East Sewage:

Includes the management and maintenance of water treatment and distribution and the wastewater plant and sanitary sewer services for customers in Amherstview, Odessa, Harewood and Brooklands and Parrott's Bay. This self-sustaining segment is supported only by user rates.

# CORPORATION OF LOYALIST TOWNSHIP

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

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## 16. Segmented information (continued):

(h) Bath Water and Sewage:

Includes the management and maintenance of water treatment and distribution and the wastewater plant and sanitary sewer services for customers in former Village of Bath as well as Correction Services Canada. This self-sustaining segment is supported only by user rates.

(i) Amherst Island Ferry Service:

Includes the management and operation of the Ferry Service between Millhaven dock on the mainland and Stella dock on Amherst Island. This operation is administered in accordance with the terms of an agreement with the Ministry of Transportation of Ontario which owns the ferry. The Ministry provides a subsidy of nearly 90% of operating costs with the balance of operating revenue coming from fares.

(j) Amherstview Transit Service:

Includes the delivery of Transit Service within Amherstview under a contractual arrangement with the City of Kingston. A portion of the costs of operating the Transit Service is recovered by a special area rate tax levy applicable to taxpayers falling within the Amherstview Transit Service geographic boundaries with the balance of operating revenue coming from fares and provincial grants.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Taxation is apportioned to the segments based on the 2010 levy requirement by segment. All other segment revenue and expenses are reported in the department to which they are recorded in the Township accounts.

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 LOYALIST TOWNSHIP

## Consolidated Schedule of Segment Information

Year ended December 31, 2010

(In thousands of dollars)

	General Government	Protection Services	Transportation Services	Environmental Services	Recreation and Culture	Planning and Development	Sub-total
<b>Revenue:</b>							
Property taxation	\$ (1,621)	\$ 3,463	\$ 2,956	\$ 1,132	\$ 1,725	\$ 535	\$ 8,190
Taxation from other governments	1,113	—	—	—	—	—	1,113
User charges for operations	18	528	582	552	712	211	2,603
User charges for capital works	—	—	11	—	—	—	11
Ontario Grants	1,075	10	112	36	11	68	1,312
Canada Grants	—	—	108	36	3	—	147
Deferred revenue earned	—	—	360	—	40	—	400
Penalties and interest	206	—	—	—	—	—	206
Investment income	22	—	—	—	—	—	22
Proceeds from sale of assets	325	—	—	—	—	—	325
Developer contributions of tangible capital assets	—	—	—	—	—	—	—
Gain on sale of assets	—	—	—	—	—	—	—
Other	16	—	—	7	46	31	100
	1,154	4,001	4,129	1,763	2,537	845	14,429
<b>Expenses:</b>							
Salaries, wages and employee benefits	1,159	936	1,466	348	1,349	414	5,672
Materials	334	337	790	56	786	54	2,357
Contracted services	232	2,386	279	542	128	149	3,716
Rents and financial expenses	81	34	206	12	91	4	428
Interest on long-term debt	—	—	—	—	—	15	15
Amortization	22	147	1,343	236	150	2	1,900
External transfers	2	140	—	—	69	8	219
	1,830	3,980	4,084	1,194	2,573	646	14,307
<b>Net annual surplus (deficit)</b>	\$ (676)	\$ 21	\$ 45	\$ 569	\$ (36)	\$ 199	\$ 122

# CORPORATION OF LOYALIST TOWNSHIP

Consolidated Schedule of Segment Information (continued)

Year ended December 31, 2010

(In thousands of dollars)

	Fairfield Water/Loyalist East Sewer	Bath Water and Sewer	Amherst Island Ferry	Amherstview Transit	Sub-total	Grand Total Before Eliminations	Eliminations	Grand Total
<b>Revenue:</b>								
Property taxation	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,190	\$ —	\$ 8,190
Taxation from other governments	—	—	—	—	—	1,113	—	1,113
User charges for operations	3,392	1,534	279	130	5,335	7,938	—	7,938
User charges for capital works	(67)	480	—	—	413	424	—	424
Ontario Grants	1	—	1,924	154	2,079	3,391	—	3,391
Canada Grants	10	—	—	—	10	157	—	157
Deferred revenue earned	—	—	18	—	18	418	—	418
Penalties and interest	—	—	—	—	—	206	—	206
Investment income	—	—	—	—	—	22	21	43
Proceeds from sale of assets	—	—	—	—	—	325	—	325
Developer contributions of tangible capital assets	—	—	—	—	—	—	2,548	2,548
Gain on sale of assets	—	—	—	—	—	—	11	11
Other	30	9	—	—	39	139	—	139
	3,366	2,023	2,221	284	7,894	22,323	2,580	24,903
<b>Expenses:</b>								
Salaries, wages and employee benefits	909	416	1,550	13	2,888	8,560	—	8,560
Materials	766	371	438	1	1,576	3,933	—	3,933
Contracted services	187	225	48	394	854	4,570	—	4,570
Rents and financial expenses	140	30	29	—	199	627	—	627
Interest on long-term debt	249	—	—	—	249	264	—	264
Amortization	1,187	290	—	2	1,479	3,379	—	3,379
External transfers	—	—	—	—	—	219	—	219
	3,438	1,332	2,065	410	7,245	21,552	—	21,552
<b>Net annual surplus (deficit)</b>	\$ (72)	\$ 691	\$ 156	\$ (126)	\$ 649	\$ 771	\$ 2,580	\$ 3,351

## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of Loyalist Township

We have audited the financial statements of the trust funds of the Corporation of Loyalist Township, 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 Corporation of Loyalist Township 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.

Chartered Accountants, Licensed Public Accountants

June 27, 2011

Kingston, Canada

# CORPORATION OF LOYALIST TOWNSHIP

## Trust Funds

### Statement of Financial Position

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

Name of Fund	Ontario Home Renewal Plan	Glenwood and Pentland Cemetery	Old Lutheran (Union) Cemetery	2010	2009
<b>Assets</b>					
Cash	\$ –	\$ 47,081	\$ 9,326	\$ 56,407	\$ 55,507
Ontario Home Renewal Plan loans receivable (note 2)	990	–	–	990	1,916
	\$ 990	\$ 47,081	\$ 9,326	\$ 57,397	\$ 57,423
<b>Capital</b>					
Fund balance:					
Capital Care and Maintenance Fund/Perpetual Care	\$ 990	\$ –	\$ –	\$ 990	\$ 1,916
Monument and marker fund	–	43,321	8,676	51,997	51,197
	–	3,760	650	4,410	4,310
	\$ 990	\$ 47,081	\$ 9,326	\$ 57,397	\$ 57,423

See accompanying notes to financial statements.

# CORPORATION OF LOYALIST TOWNSHIP

## Trust Funds

### Statement of Continuity

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

	Ontario Home Renewal Plan	Glenwood and Pentland Cemetery	Old Lutheran (Union) Cemetery	2010	2009
Balance at beginning of year	\$ 1,916	\$ 46,181	\$ 9,326	\$ 57,423	\$ 57,102
Interest earned	99	391	78	568	542
Sale of perpetual care Monument and marker fund	–	800	–	800	800
	–	100	–	100	–
	2,015	47,472	9,404	58,891	58,444
Ontario Home Renewal Plan:					
- Administration charges	56	–	–	56	35
- Return of capital to Ministry of Municipal Affairs and Housing	969	–	–	969	609
Interest transferred to operating fund	–	391	78	469	377
	1,025	391	78	1,494	1,021
Balance at end of year	\$ 990	\$ 47,081	\$ 9,326	\$ 57,397	\$ 57,423

See accompanying notes to financial statements.

# CORPORATION OF LOYALIST TOWNSHIP

Trust Funds  
Notes to Financial Statements

Year ended December 31, 2010

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## 1. Significant accounting policies:

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

(a) Basis of accounting:

These statements reflect the assets, liabilities, revenue and expenses of the Trust.

(b) Revenue recognition:

Revenue and expenses are recorded on an accrual basis.

The accrual basis 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.

(c) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

## 2. Ontario Home Renewal Program:

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

Ontario Home Renewal Program loans receivable at December 31, 2010 are comprised of repayable loans of \$990 (2009 - \$1,916) and forgivable 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.

# CORPORATION OF LOYALIST TOWNSHIP

Trust Funds

Notes to Financial Statements (continued)

Year ended December 31, 2010

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### **3. Statement of cash flows:**

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