

Consolidated Financial Statements of

**CORPORATION OF THE TOWNSHIP
OF CENTRAL FRONTENAC**

Year ended December 31, 2007

Consolidated Financial Statements of

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Year ended December 31, 2007

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

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CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC TRUST FUNDS

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AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of the Corporation of the Township of Central Frontenac as at December 31, 2007 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, 2007 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.

Chartered Accountants, Licensed Public Accountants

Kingston, Canada

July 14, 2008

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Consolidated Statement of Financial Position

December 31, 2007, with comparative figures for 2006

	2007	2006
Assets		
Financial assets:		
Cash and term deposits (note 3)	\$ 2,743,984	\$ 2,099,207
Taxes receivable	1,014,065	1,140,343
Accounts receivable	775,278	4,404,315
	4,533,327	7,643,865
Liabilities:		
Bank loan	—	135,000
Accounts payable and accrued liabilities	1,161,710	3,673,518
Deferred revenues	20,433	87
Deferred revenues – obligatory reserve funds (note 9)	143,571	160,038
Long-term liabilities (note 4)	1,263,925	379,244
Landfill closure and post-closure liability (note 12)	440,000	440,000
	3,029,639	4,787,887
Net financial assets	1,503,688	2,855,978
Other non-financial assets	19,909	13,618
Total net assets	\$ 1,523,597	\$ 2,869,596
Municipal position:		
Current fund (note 2)	\$ 507,000	\$ 510,657
Capital fund	(201,164)	(1,100,000)
Reserves	2,048,234	2,599,584
Reserve funds	873,452	1,678,599
	3,227,522	3,688,840
Amounts to be recovered from future revenues	1,703,925	819,244
Contingent liabilities (note 14)		
Total municipal position	\$ 1,523,597	\$ 2,869,596

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

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Consolidated Statement of Financial Activities

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Revenues:		
Property taxation	\$ 4,120,153	\$ 4,089,006
User charges	373,217	347,271
Government grants	1,663,768	7,099,617
Government grants – Family Health Team (note 10)	–	220,933
Other municipalities	–	349,424
Penalties and interest on taxes	166,600	167,469
Investment income	213,400	198,774
Transfers from deferred obligatory reserve fund	41,072	88,857
Other	280,862	350,375
Total revenues	6,859,072	12,911,726
Expenditures:		
Current (note 13):		
General government	696,534	691,358
Protection to persons and property	1,378,756	1,308,884
Transportation services	2,376,250	2,067,918
Environmental services	245,706	221,273
Health services	50,001	54,871
Family Health Team (note 10)	195,410	220,933
Recreation and cultural services	306,487	291,577
Planning and development	82,835	103,718
Total current expenditures	5,331,979	4,960,532
Capital:		
General government	5,899	17,650
Protection to persons and property	703,538	321,402
Transportation services	818,932	7,287,658
Health Services	1,003,499	13,658
Recreation and cultural services	342,655	64,747
Planning and development	4,860	508
Total capital expenditures	2,879,383	7,705,623
Total expenditures	8,211,362	12,666,155
Net revenues (expenditures)	(1,352,290)	245,571
Debt principal repayments	(215,319)	(83,587)
New debt	1,100,000	–
Change in non-financial assets	6,291	4,593
Increase in fund balances	\$ (461,318)	\$ 166,577

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

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Consolidated Statement of Changes in Financial Position

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Operations:		
Net revenues (expenditures)	\$(1,352,290)	\$ 245,571
Sources (uses) of funds:		
Decrease (increase) in taxes receivable	126,278	(22,756)
Decrease (increase) in accounts receivable	3,629,037	(4,192,259)
Increase (decrease) in accounts payable and accrued liabilities	(2,511,808)	3,128,068
Increase (decrease) in deferred revenues	20,346	(21,414)
Increase (decrease) in deferred revenues – obligatory reserve funds	(16,467)	45,642
	1,247,386	(1,062,719)
Net change in cash from operations	(104,904)	(817,148)
Financing:		
New loan	1,100,000	–
Long-term debt repayments	(215,319)	(83,587)
Bank loan	(135,000)	135,000
Net change in cash from financing	749,681	51,413
Increase (decrease) in cash and cash equivalents	644,777	(765,735)
Cash and cash equivalents, beginning of year	2,099,207	2,864,942
Cash and cash equivalents, end of year	\$ 2,743,984	\$ 2,099,207

The Township considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

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

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to Consolidated Financial Statements

Year ended December 31, 2007

1. Significant accounting policies:

The consolidated financial statements of the Corporation of the Township of Central Frontenac are the representation of management prepared in accordance with Canadian generally accepted accounting principles prescribed for local government as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

These consolidated statements reflect the assets, liabilities, revenues, expenditures and fund balances of the current fund, capital fund 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.

These consolidated financial statements include:

North Frontenac Community Arena (proportionately consolidated)

Proportionate consolidation:

The North Frontenac Community Arena is accounted for using the proportionate consolidation method of accounting and reporting, whereby the municipality's pro-rata share of each of the assets, liabilities, revenues and expenses is combined on a line-by-line basis in the financial statements.

(ii) Non-consolidated entities:

There are no non-consolidated entities.

(iii) Accounting for County and school board transactions:

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

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

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

1. Significant accounting policies (continued):

(b) Basis of accounting:

(i) Capital assets:

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

(ii) 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 sixty-nine 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.

(c) Deferred revenues:

Deferred revenues represent government transfers 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.

(d) Amounts to be recovered from future revenues:

Amounts to be recovered from future revenues are comprised of long-term liabilities and landfill closure and post-closure liabilities.

(e) 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. Actual results could differ from those estimates.

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

2. Municipal fund balances at the end of the year:

(a) The current fund balance on the "Consolidated Statement of Financial Position" of \$507,000 (2006 - \$510,657), at the end of the year is comprised of the following:

	2007	2006
To be applied to operations of the operating fund for the following year	\$ 446,630	\$ 461,290
To be applied to operations of the North Frontenac Arena	30,087	22,706
To be applied to operations of the recreation operations	30,283	26,661
	\$ 507,000	\$ 510,657

(b) The balance available for the general reduction of taxation at December 31, 2007 has been reduced by an amount of \$Nil (2006 - \$Nil) transferred to the reserves for working capital as authorized by Council.

3. Designated cash:

Cash in the amount of \$1,017,023 (2006 - \$1,838,637) has been designated to support reserve funds and obligatory reserve funds.

4. Long-term liabilities:

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

	2007	2006
Long-term bank loan	\$1,263,925	\$ 379,244

A bank loan was obtained on December 12, 2003, maturing December 12, 2008, to finance the purchase of three new fire trucks in 2004. This debt has an interest rate of 4.97% and monthly interest and principal payments of \$8,724.

A second bank loan of \$1,100,000 was obtained January 8, 2007, maturing January 8, 2014 to finance the repair of Highway 38 in 2006. This debt has an interest rate of 4.45% and monthly interest and principal payments of \$15,266.

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

4. Long-term liabilities (continued)

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

From general municipal revenues:	
2008	\$ 235,008
2009	246,181
2010	257,891
2011	163,045
2012 and thereafter	361,800
	\$ 1,263,925

(c) 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 required to service these liabilities are within the annual debt replacement limit prescribed by the Ministry of Municipal Affairs and Housing.

5. Charges for net long-term liabilities:

Total charges for the year for net long-term liabilities which are reported on the "Consolidated Statement of Financial Activities" are as follows:

	2007	2006
Principal payments	\$ 215,319	\$ 83,587
Interest	62,438	21,102
	\$ 277,757	\$ 104,689

6. Operations of school boards and the Frontenac County:

During 2007, requisitions were made by the school boards and Frontenac County 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		Frontenac County	
	2007	2006	2007	2006
Amounts requisitioned and collected	\$ 1,460,577	\$ 1,419,872	\$ 1,433,181	\$ 1,393,863

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

7. Trust funds:

Trust funds administered by the municipality amounting to \$196,456 (2006 - \$182,097) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities".

8. Budget figures:

The approved operating and capital budgets for 2007 are reflected on the "Schedule of Current Fund Operations" and "Schedule of Capital Fund Operations". These numbers have not been audited but are presented for information purposes only.

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 provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the municipality are summarized below:

	2007	2006
Balance, beginning of year	\$ 160,038	\$ 114,396
Parkland contributions	17,671	40,725
Federal gas tax proceeds	-	88,857
Investment income	6,934	4,917
Transfers to capital fund	(41,072)	(88,857)
Balance, end of year	\$ 143,571	\$ 160,038
Analyzed as follows:		
Parkland	\$ 143,571	\$ 160,038

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

10. Family Health Team:

In the prior year, the municipality entered into an agreement with the Ministry of Health and Long-Term Care to provide funding to support the Family Health Team and in 2007 \$195,410 (2006 - \$220,933) of expenditures was incurred and funded from Ministry of Health and Long-Term Care.

Additional expenditures of \$1,003,499 were incurred related to the capital expansion program for the Family Health Team.

11. Pension agreements:

During the year, the municipality agreed to make contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 26 (2006 – 15) 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 services in 2007 was \$38,960 (2006 - \$13,367).

12. 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 sixty-nine 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.

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

12. Landfill closure and post-closure liability (continued):

The Township currently has four active and one inactive landfill sites. Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities using an assumed rate of 2% for inflation and discounted at an average long-term borrowing rate of 6%. The estimated total landfill closure and post-closure care expenditures are calculated to be \$518,634 (2006 - \$540,446). For sites that are still active, the estimated liability for these expenditures is recognized as the landfill site's capacity is used. For the site that is inactive, the estimated liability for these expenditures is recognized immediately. Included in accounts payable and accrued liabilities at December 31, 2007 is an amount of \$440,000 (2006 - \$440,000) with respect to landfill closure and post-closure liabilities recognized to date.

The estimated remaining capacity of the landfill sites ranges from 2% to 92% of total estimated capacity and the estimated remaining life ranges from 1 to 40 years, after which the period for post-closure care is estimated to be 25 years.

13. Supplementary information:

	2007	2006
Current fund expenditure by object:		
Salaries, wages and employee benefits	\$ 1,685,977	\$ 1,532,208
Materials, services, rents and financial expenses	2,605,094	2,292,354
Contracted services – policing	891,528	836,964
Contracted services – other	89,741	242,175
Transfers to others	59,639	56,831
Total	\$ 5,331,979	\$ 4,960,532

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, 2007, 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.

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

15. Financial instruments:

The municipality's financial instruments are comprised of cash and term deposits, taxes receivable, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of the municipality's financial instruments approximates their carrying value due to their short-term nature.

The fair value of long-term liabilities is based on rates currently available to the municipality with similar terms and maturities and approximates its carrying value as disclosed on the "Statement of Financial Position".

16. Tangible capital assets:

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

Effective January 1, 2007, the Township adopted Accounting 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 until Section 3150 – Tangible Capital Assets comes into effect on January 1, 2009.

During 2007, the Township continued to work towards compliance with the new recommendations for accounting for tangible capital assets. Significant progress has been made on compiling preliminary asset inventory listings for most asset categories.

As of December 31 2007, the Township does not have relevant information to disclose cost, accumulated amortization and net book values for any specific tangible capital asset category. Tangible capital assets are reported as an expenditure on the "Consolidated Statement of Financial Activities" in the year of acquisition.

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Consolidated Schedule of Current Fund Operations

Year ended December 31, 2007, with comparative figures for 2006

	Budget 2007	Actual 2007	Actual 2006
	(unaudited)		
Revenues:			
Property taxation	\$ 4,148,789	\$ 4,120,153	\$ 4,089,006
User charges	322,502	373,217	347,271
Government grants	1,572,594	1,602,823	3,246,442
Other municipalities	—	—	349,424
Penalties and interest on taxes	148,000	166,600	167,469
Interest	76,000	143,814	163,635
Other	127,998	179,681	327,325
Total revenues	6,395,883	6,586,288	8,690,572
Expenditures:			
General government	898,889	696,534	691,358
Protection to persons and property	1,469,893	1,378,756	1,308,884
Transportation services	2,093,329	2,376,250	2,067,918
Environmental services	306,527	245,706	221,273
Health services	101,229	245,411	275,804
Recreation and cultural services	216,340	306,487	291,577
Planning and development	98,817	82,835	103,718
Total expenditures	5,185,024	5,331,979	4,960,532
Net revenues	1,210,859	1,254,309	3,730,040
Financing and transfers:			
Transfers to capital fund	(1,546,211)	(1,246,721)	(1,933,194)
Transfers to reserves and reserve funds	(158,400)	197,783	(1,540,340)
Debt principal repayments	(283,597)	(215,319)	(83,587)
Change in non-financial assets	—	6,291	4,593
Net financing and transfers	(1,988,208)	(1,257,966)	(3,552,528)
Change in current fund balance	(777,349)	(3,657)	177,512
Opening current fund balance	510,657	510,657	333,145
Closing current fund balance	\$ (266,692)	\$ 507,000	\$ 510,657

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Consolidated Schedule of Capital Fund Operations

Year ended December 31, 2007, with comparative figures for 2006

	Budget 2007	Actual 2007	Actual 2006
	(unaudited)		
Revenues:			
Government grants	\$ 58,000	\$ 60,945	\$ 4,074,109
Transfers from deferred obligatory reserve funds	89,000	41,072	88,857
Donations	10,000	78,805	-
Other	-	20,500	23,049
Total revenues	157,000	201,322	4,186,015
Expenditures:			
General government	8,100	5,899	17,650
Protection to persons and property	1,082,961	703,538	321,402
Transportation services	1,447,400	818,932	7,287,658
Health Services	550,000	1,003,499	13,658
Recreation and cultural services	106,150	342,655	64,747
Planning and development	-	4,860	508
Total expenditures	3,194,611	2,879,383	7,705,623
Net expenditures	(3,037,611)	(2,678,061)	(3,519,608)
Financing and transfers:			
New debt	1,100,000	1,100,000	-
Transfers from current fund	1,546,211	1,246,721	1,933,194
Transfers from reserves and reserve funds	951,799	1,230,176	486,414
Net financing and transfers	3,598,010	3,576,897	2,419,608
Change in capital fund balance	560,399	898,836	(1,100,000)
Opening capital fund balance	(1,100,000)	(1,100,000)	-
Closing capital fund balance	\$ (539,601)	\$ (201,164)	\$(1,100,000)

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Consolidated Schedule of Reserves and Reserve Funds

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Revenues:		
Investment income	\$ 69,586	\$ 35,139
Donations	1,876	-
	71,462	35,139
Net transfers from other funds:		
Transfers from (to) current fund	(197,783)	1,540,340
Transfers to capital fund	(1,230,176)	(486,414)
Total net transfers	(1,427,959)	1,053,926
Change in reserves and reserve fund balance	(1,356,497)	1,089,065
Opening reserves and reserve fund balance	4,278,183	3,189,118
Closing reserves and reserve fund balance	\$ 2,921,686	\$ 4,278,183
Analyzed as follows:		
Reserves set aside for specific purposes by Council for:		
Working capital	\$ 601,242	\$ 603,047
Contingencies	106,090	106,090
Equipment	558,563	501,563
General government	62,000	62,000
Roads	428,285	327,585
Recreation and culture	78,860	54,400
Environmental	210,294	244,665
Protection	2,900	700,234
Total reserves	2,048,234	2,599,584
Reserve funds set aside for specific purpose by legislation, regulation or agreement for:		
Roads	105,080	-
Recreation	87,467	74,534
Health Services	665,368	1,490,009
Other	15,537	114,056
Total reserve funds	873,452	1,678,599
Total reserves and reserve funds	\$ 2,921,686	\$ 4,278,183

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Financial Review
(Unaudited)

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

	2007	2006	2005	2004	2003
Population at the end of the year	3,943	3,943	3,903	3,903	4,004
Employees - continuous full time	26	26	26	26	18
- part time	16	16	17	18	33
Number of households	3,901	3,901	3,823	3,806	3,727
1. Assessment					
Taxable assessment upon which the year's rates of taxation were set					
Residential and farm	495,045	491,232	416,178	417,781	349,504
Commercial, multi-residential and industrial	8,725	8,432	7,845	7,937	7,695
Pipeline and managed forests	2,774	2,775	3,293	2,466	2,060
Total	506,544	502,439	427,316	428,184	359,259
Per capita	\$ 128,466	\$ 127,425	\$ 109,483	\$ 109,706	\$ 89,725
Commercial, multi-residential and industrial as a percentage of total taxable assessment	1.7%	1.7%	1.8%	1.8%	2.1%
Exempt assessment	19,120	19,082	15,872	15,792	14,971
2. Revenue for general municipal services					
Taxation	\$ 4,120	\$ 4,089	\$ 3,735	\$ 3,936	\$ 3,468
Government grants	1,663	3,246	1,861	1,193	1,140
Fees and service charges	540	515	514	489	433
Other	535	841	222	133	105
Total	\$ 6,858	\$ 8,691	\$ 6,332	\$ 5,751	\$ 5,146
3. Tax arrears - per capita	\$ 257.16	\$ 289.03	\$ 286.34	\$ 269.59	\$ 281.17
- percentage of current levy	14.5	16.5%	17.2%	16.1%	18.9%
4. Expenditure					
- general municipal	\$ 5,332	\$ 4,961	\$ 4,669	\$ 5,127	\$ 4,250
5. Transfers to the region or county	\$ 1,433	\$ 1,394	\$ 1,391	\$ 1,266	\$ 1,184
6. Transfers to the school boards	\$ 1,461	\$ 1,420	\$ 1,382	\$ 1,360	\$ 1,322
7. Capital financing during the year					
Contributions from own funds	\$ 2,477	\$ 2,420	\$ 775	\$ 520	\$ 434
Ontario grants	2	4,074	21	14	64
Federal grants	59	89	-	-	-
Long-term debt	1,100	-	-	-	618
Other	99	23	14	-	-
Total	\$ 3,737	\$ 6,606	\$ 810	\$ 534	\$ 1,116
8. Capital expenditure during the year	\$ 2,879	\$ 7,706	\$ 810	\$ 1,152	\$ 498
9. Capital fund balance	\$ (201)	\$ (1,100)	\$ -	\$ -	\$ 618
10. Current fund balance	\$ 436	\$ 511	\$ 333	\$ 321	\$ 464
11. Reserves and reserve funds	\$ 2,998	\$ 4,278	\$ 3,189	\$ 2,373	\$ 2,178



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AUDITORS' REPORT

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

We have audited the statements of financial position of the trust funds of the Corporation of the Township of Central Frontenac as at December 31, 2007 and the statements of continuity of the trust funds for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Township as at December 31, 2007 and the continuity of the trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Kingston, Canada

July 14, 2008

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Trust Funds

Statements of Financial Position

December 31, 2007, with comparative figures for 2006

		Cemetery Perpetual Care		Ontario Boarding Home Contract Program		Ontario Home Renewal Program		Total 2007		Total 2006
Assets										
Cash	\$	147,512	\$	-	\$	-	\$	147,512	\$	133,240
Ontario Home Renewal Plan loans receivable		-		-		10,249		10,249		10,249
Investments (note 2)		14,229		-		-		14,229		14,142
Due from Revenue Fund		-		24,466		-		24,466		24,466
	\$	161,741	\$	24,466	\$	10,249	\$	196,456	\$	182,097
Liabilities and Capital Balances										
Capital	\$	161,741	\$	24,466	\$	10,249	\$	196,456	\$	182,097

See accompanying notes to financial statements.

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Trust Funds

Statements of Continuity

Year ended December 31, 2007, with comparative figures for 2006

	Cemetery Perpetual Care	Ontario Boarding Home Contract Program	Ontario Home Renewal Program	Total 2007	Total 2006
Balance, beginning of year	\$ 147,382	\$ 24,466	\$ 10,249	\$ 182,097	\$ 176,436
Monument donations	6,700	—	—	6,700	1,500
Sale of cemetery plots	2,100	—	—	2,100	4,600
Interest earned	6,585	—	53	6,638	5,601
	162,767	24,466	10,302	197,535	188,137
Investment fees	129	—	—	129	127
Transfer to revenue fund	897	—	53	950	487
Refund to the Province	—	—	—	—	4,885
Transfer to municipality	—	—	—	—	541
	1,026	—	53	1,079	6,040
Balance, end of year	\$ 161,741	\$ 24,466	\$ 10,249	\$ 196,456	\$ 182,097

See accompanying notes to financial statements.

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Trust Funds
Notes to Financial Statements

Year ended December 31, 2007

1. Accounting policies:

Basis of accounting:

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

2. Investments:

The total investments held by the trust funds in the amount of \$14,229 (2006 - \$14,142) reported on the "Statements of Financial Position" at cost, have a market value of \$15,000 (2006 - \$15,146) as at December 31, 2007.

3. 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, 2007 are comprised of repayable loans of \$10,249 (2006 - \$10,249) and forgivable loans of \$Nil (2006 - \$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.

The Ontario Home Renewal Program was cancelled on July 16, 1993 and municipalities were prohibited from issuing further Ontario Home Renewal Program loans effective on that date. Municipalities are required to remit the balance of Ontario Home Renewal trust accounts as of December 31, 2005 to the Province by March 1, 2006.

4. Ontario Boarding Home Contract Program:

The Ontario Boarding Home Contract Program was established for the purpose of providing loans to families to convert or improve their homes in order to care for mentally challenged people.