

Consolidated Financial Statements of

**CORPORATION OF THE TOWNSHIP
OF CENTRAL FRONTENAC**

Year ended December 31, 2008

Consolidated Financial Statements of

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Year ended December 31, 2008

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

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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, 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.

Chartered Accountants, Licensed Public Accountants

Kingston, Canada
June 5, 2009

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Consolidated Statement of Financial Position

December 31, 2008, with comparative figures for 2007

	2008	2007
Assets		
Financial assets:		
Cash and term deposits (note 3)	\$ 3,369,070	\$ 2,743,984
Taxes receivable	1,103,883	1,014,065
Accounts receivable	466,193	775,278
	4,939,146	4,533,327
Liabilities:		
Accounts payable and accrued liabilities	2,015,231	1,161,710
Deferred revenues	448	20,433
Deferred revenues – obligatory reserve funds (note 9)	114,349	143,571
Long-term liabilities (note 4)	1,029,293	1,263,925
Landfill closure and post-closure liability (note 12)	283,550	440,000
	3,442,871	3,029,639
Net financial assets	1,496,275	1,503,688
Other non-financial assets	14,886	19,909
Total net assets	\$ 1,511,161	\$ 1,523,597
Municipal position:		
Current fund (note 2)	\$ 437,872	\$ 507,000
Capital fund	(286,253)	(201,164)
Reserves	2,318,038	2,048,234
Reserve funds	354,347	873,452
	2,824,004	3,227,522
Amounts to be recovered from future revenues	(1,312,843)	(1,703,925)
Contingent liabilities (note 14)		
Total municipal position	\$ 1,511,161	\$ 1,523,597

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, 2008, with comparative figures for 2007

	2008	2007
Revenue:		
Property taxation	\$ 4,336,886	\$ 4,120,153
User charges	346,448	373,217
Government grants	4,282,555	1,663,768
Other municipalities	8,500	-
Penalties and interest on taxes	168,173	166,600
Investment income	142,666	213,400
Transfers from deferred obligatory reserve fund	56,950	41,072
Other	363,152	280,862
Total revenues	9,705,330	6,859,072
Expenditures:		
Current (note 13):		
General government	928,384	696,534
Protection to persons and property	1,104,412	1,378,756
Transportation services	3,408,152	2,376,250
Environmental services	308,251	245,706
Landfill closure and post-closure	(156,450)	-
Health services	861,875	50,001
Family Health Team (note 10)	-	195,410
Recreation and cultural services	329,572	306,487
Planning and development	131,384	82,835
Total current expenditures	6,915,580	5,331,979
Capital:		
General government	-	5,899
Protection to persons and property	487,748	703,538
Transportation services	1,685,319	818,932
Health Services	441,267	1,003,499
Recreation and cultural services	182,829	342,655
Planning and development	-	4,860
Total capital expenditures	2,797,163	2,879,383
Total expenditures	9,712,743	8,211,362
Net expenditures	(7,413)	(1,352,290)
Debt principal repayments	(234,632)	(215,319)
New debt	-	1,100,000
Change in non-financial assets	(5,023)	6,291
Change in landfill closure and post-closure liability	(156,450)	-
Decrease in fund balances	\$ (403,518)	\$ (461,318)

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, 2008, with comparative figures for 2007

	2008	2007
Operations:		
Net expenditures	\$ (7,413)	\$(1,352,290)
Sources (uses) of funds:		
Decrease (increase) in taxes receivable	(89,818)	126,278
Decrease in accounts receivable	309,085	3,629,037
Increase (decrease) in accounts payable and accrued liabilities	853,522	(2,511,808)
Increase (decrease) in deferred revenues	(19,985)	20,346
Decrease in deferred revenues – obligatory reserve funds	(29,223)	(16,467)
Decrease in landfill closure and post-closure liability	(156,450)	–
	867,131	1,247,386
Net change in cash from operations	859,718	(104,904)
Financing:		
New loan	–	1,100,000
Long-term debt repayments	(234,632)	(215,319)
Bank loan	–	(135,000)
Net change in cash from financing	(234,632)	749,681
Increase in cash and term deposits	625,086	644,777
Cash and term deposits, beginning of year	2,743,984	2,099,207
Cash and term deposits, end of year	\$ 3,369,070	\$ 2,743,984

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, 2008

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, revenue, expenditures and fund balances of the current fund, capital fund and reserve/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, revenue and expenses is combined on a line-by-line basis in the financial statements.

(ii) Non-consolidated entities:

There are no entities owned or controlled by the Township that are not consolidated.

(iii) Accounting for County and school board transactions:

The taxation, other revenue, 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, 2008

1. Significant accounting policies (continued):

(b) 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. Please see note 16 regarding tangible capital assets.

(c) Landfill closure and post-closure liabilities:

The Township accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 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.

(d) Deferred revenue:

The Township receives contributions pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(e) 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.

(f) 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.

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

1. Significant accounting policies (continued):

(g) 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.

(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) Deferred revenues – obligatory reserve funds:

The Township receives restricted contributions under the authority of provincial 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 expenditures are recorded as revenue in the fiscal period they are expended.

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

- (a) The current fund balance on the "Consolidated Statement of Financial Position" of \$437,872 (2007 - \$507,000), at the end of the year is comprised of the following:

	2008	2007
To be applied to operations of the operating fund for the following year	\$ 424,080	\$ 446,630
To be applied to operations of the North Frontenac Community Arena	(19,764)	30,087
To be applied to operations of the recreation operations	33,556	30,283
	\$ 437,872	\$ 507,000

- (b) The balance available for the general reduction of taxation at December 31, 2008 has been reduced by an amount of \$Nil (2007 - \$Nil) transferred to the reserves for working capital as authorized by Council.

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

3. Restricted assets:

Cash and term deposits in the amount of \$497,918 (2007 - \$1,017,023) have been restricted 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:

	2008	2007
Long-term bank loan	\$1,029,293	\$ 1,263,925

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.

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

From general municipal revenues:	
2009	\$ 246,181
2010	257,902
2011	163,045
2012	170,450
2013 and thereafter	191,715
	\$ 1,029,293

(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.

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

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:

	2008	2007
Principal payments	\$ 235,008	\$ 215,319
Interest	52,872	62,438
	\$ 287,880	\$ 277,757

6. Operations of school boards and the Frontenac County:

During 2008, 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	
	2008	2007	2008	2007
Amounts requisitioned and collected	\$ 1,470,299	\$ 1,460,577	\$ 1,386,515	\$ 1,433,181

7. Trust funds:

Trust funds administered by the municipality amounting to \$204,369 (2007 - \$196,456) 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 2008 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.

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

9. Deferred revenues – 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:

	2008	2007
Balance, beginning of year	\$ 143,571	\$ 160,038
Parkland contributions	23,415	17,671
Investment income	4,313	6,934
Transfers to capital fund	(56,000)	(41,072)
Transfers to revenue fund	(950)	–
Balance, end of year	\$ 114,349	\$ 143,571
Analyzed as follows:		
Parkland	\$ 114,349	\$ 143,571

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 2008 \$790,682 (2007 - \$195,410) of expenditures was incurred and funded from Ministry of Health and Long-Term Care.

Additional expenditures of \$441,267 (2007 - \$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 (2007 – 26) 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 2008 was \$52,168 (2007 - \$38,960).

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

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.

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 (2007 - \$518,634). 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 liabilities at December 31, 2008 is an amount of \$283,550 (2007 - \$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:

	2008	2007
Current fund expenditure by object:		
Salaries, wages and employee benefits	\$ 1,916,308	\$ 1,685,977
Materials, services, rents and financial expenses	3,630,715	2,605,094
Contracted services – policing	582,108	891,528
Contracted services – other	891,211	89,741
Transfers to others	51,688	59,639
Change in landfill closure and post-closure liability	(156,450)	–
Total	\$ 6,915,580	\$ 5,331,979

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

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, 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.

15. Financial instruments:

The Township'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 Township 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 Township 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 2008 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 2008 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

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

17. Segmented information:

The Township is a municipal government institution that provides a range of services to its citizens, including police, fire, transportation, recreational and environmental. For management reporting purposes the Township's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

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

- (a) Administration: Includes corporate services and governance of the Township. Administration as a segment includes human resource management, support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status as well as frontline reception and customer service.
- (b) Protection Services: Includes policing, fire protection, conservation authority, protective inspection and control and emergency measures. The mandate of the police 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: 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 waste disposal sites.
- (e) Parks, Recreation, and Culture: Provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, recreation fields, and the arena.
- (f) Health and Cemetery Services: Includes the management and maintenance of municipal cemeteries and transfer of grants for local health services.
- (g) Planning and Development: Manages development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geomatics services.

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2008

17. Segmented information (continued):

For each segment separately reported, the segment revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. These municipal services are funded primarily by property tax revenue. Taxation and payments-in-lieu of taxes are apportioned to these services based on the net surplus. Certain government transfers, transfer from other funds, and other revenue have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Consolidated Schedule of Current Fund Operations

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

	Budget 2008	Actual 2008	Actual 2007
	(unaudited)		
Revenue:			
Property taxation	\$ 4,326,472	\$ 4,336,886	\$ 4,120,153
User charges	302,200	346,448	373,217
Government grants	1,759,886	2,604,142	1,602,823
Other municipalities	—	8,500	—
Penalties and interest on taxes	150,000	168,173	166,600
Interest	89,000	112,518	143,814
Transfers from deferred obligatory reserve funds	6,500	950	—
Other	837,240	300,066	179,681
Total revenues	7,471,298	7,877,683	6,586,288
Expenditures:			
General government	982,565	928,384	696,534
Protection to persons and property	1,096,133	1,104,412	1,378,756
Transportation services	3,591,988	3,408,152	2,376,250
Environmental services	353,860	308,251	245,706
Landfill closure and post-closure	—	(156,450)	—
Health services	135,820	861,875	245,411
Recreation and cultural services	291,455	329,572	306,487
Planning and development	108,864	131,384	82,835
Total expenditures	6,560,685	6,915,580	5,331,979
Net revenue	910,613	962,103	1,254,309
Financing and transfers:			
Transfers to capital fund	(288,117)	(626,604)	(1,246,721)
Transfers to reserves and reserve funds	(63,500)	(8,523)	197,783
Debt principal repayments	(292,304)	(234,632)	(215,319)
Change in non-financial assets	—	(5,023)	6,291
Change in landfill closure and post-closure	—	(156,450)	—
Net financing and transfers	(643,921)	(1,031,232)	(1,257,966)
Change in current fund balance	266,692	(69,129)	(3,657)
Opening current fund balance	(266,692)	507,000	510,657
Closing current fund balance	\$ —	\$ 437,871	\$ 507,000

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Consolidated Schedule of Capital Fund Operations

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

	Budget 2008 (unaudited)	Actual 2008	Actual 2007
Revenue:			
Government grants	\$ 2,004,369	\$ 1,678,413	\$ 60,945
Transfers from deferred obligatory reserve funds	56,000	56,000	41,072
Donations	18,000	25,775	78,805
Other	146,945	37,310	20,500
Total revenues	2,225,314	1,797,498	201,322
Expenditures:			
General government	63,500	-	5,899
Protection to persons and property	489,444	487,748	703,538
Transportation services	1,701,263	1,685,319	818,932
Health Services	474,016	441,267	1,003,499
Recreation and cultural services	120,090	182,829	342,655
Planning and development	-	-	4,860
Total expenditures	2,848,313	2,797,163	2,879,383
Net expenditures	(622,999)	(999,665)	(2,678,061)
Financing and transfers:			
New debt	500,000	-	1,100,000
Transfers from current fund	288,117	626,604	1,246,721
Transfers from reserves and reserve funds	374,483	287,972	1,230,176
Net financing and transfers	1,162,600	914,576	3,576,897
Change in capital fund balance	539,601	(85,089)	898,836
Opening capital fund balance	(539,601)	(201,164)	(1,100,000)
Closing capital fund balance	\$ -	\$ (286,253)	\$ (201,164)

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Consolidated Schedule of Reserves and Reserve Funds

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

	2008	2007
Revenue:		
Investment income	\$ 30,148	\$ 69,586
Donations	-	1,876
	30,148	71,462
Net transfers from other funds:		
Transfers from (to) current fund	8,523	(197,783)
Transfers to capital fund	(287,972)	(1,230,176)
Total net transfers	(279,449)	(1,427,959)
Change in reserves and reserve fund balance	(249,301)	(1,356,497)
Opening reserves and reserve fund balance	2,921,686	4,278,183
Closing reserves and reserve fund balance	\$ 2,672,385	\$ 2,921,686
Analyzed as follows:		
Reserves set aside for specific purposes by Council for:		
Working capital	\$ 601,242	\$ 601,242
Contingencies	106,090	106,090
Equipment	632,063	558,563
General government	52,000	62,000
Roads	662,395	428,285
Recreation and culture	51,054	78,860
Environmental	210,294	210,294
Protection	2,900	2,900
Total reserves	2,318,038	2,048,234
Reserve funds set aside for specific purpose by legislation, regulation or agreement for:		
Roads	108,287	105,080
Recreation	77,369	87,467
Health Services	161,028	665,368
Other	7,663	15,537
Total reserve funds	354,347	873,452
Total reserves and reserve funds	\$ 2,672,385	\$ 2,921,686

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Consolidated Schedule of Segment Information

Year ended December 31, 2008

	Administration	Protection Services	Transportation Services	Environmental Services	Parks, Recreation and Culture	Health and Cemetery Services	Planning and Development	Total
Revenue:								
Taxation	\$ -	\$ 1,248,714	\$ 2,544,863	\$ 28,169	\$ 201,027	\$ 228,972	\$ 62,394	\$ 4,314,139
Payments in lieu of taxation	22,747	-	-	-	-	-	-	22,747
Penalties and interest	22,576	26,857	82,879	3,692	8,015	20,959	3,195	168,173
Investment income	15,105	17,969	55,451	2,470	5,362	14,023	2,138	112,518
Government unconditional grants	1,545,300	83,300	-	-	-	-	-	1,628,600
Government conditional grants	10,153	117,293	258,107	-	4,735	585,254	-	975,542
Other municipalities	-	-	8,500	-	-	-	-	8,500
Licenses, permits and rents	-	80,245	1,400	-	10,920	-	-	92,565
User fees and service charges	4,227	13,471	-	72,775	130,360	11,700	21,350	253,883
Other	10,379	1,295	182,336	44,695	18,087	967	42,307	300,066
	1,630,487	1,589,144	3,133,536	151,801	378,506	861,875	131,384	7,876,733
Expenditures:								
Salaries, wages and employee benefits	530,588	204,283	937,452	103,123	88,892	8,659	43,311	1,916,308
Materials	397,796	243,680	2,430,216	205,128	191,990	26,587	82,073	3,577,470
Contracted services	-	601,291	-	-	45,399	826,629	-	1,473,319
Rents and financial expenses	-	12,761	40,484	-	-	-	-	53,245
External transfers	-	42,397	-	(156,450)	3,291	-	6,000	51,688
Landfill closure and post-closure	-	-	-	-	-	-	-	(156,450)
	928,384	1,104,412	3,408,152	151,801	329,572	861,875	131,384	6,915,580
Net revenue (expenditures)	702,103	484,732	(274,616)	-	48,934	-	-	961,153
Financing and transfers								
Transfers from other funds	950	-	-	-	-	-	-	950
Debt principal repayment	(234,632)	-	-	-	-	-	-	(234,632)
Transfer to other funds	(72,023)	(484,732)	(29,438)	-	(48,934)	-	-	(635,127)
Change in non-financial assets	(5,023)	-	-	-	-	-	-	(5,023)
Change in landfill closure and post-closure	(156,450)	-	-	-	-	-	-	(156,450)
	(467,178)	(484,732)	(29,438)	-	(48,934)	-	-	(1,030,282)
Excess of revenue over expenditures (expenditures over revenue)	\$ 234,925	\$ -	\$ (304,054)	\$ -	\$ -	\$ -	\$ -	\$ (69,129)

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Financial Review
(Unaudited)

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

	2008	2007	2006	2005	2004
Population at the end of the year	3,943	3,943	3,943	3,903	3,903
Employees - continuous full time	27	26	26	26	26
- part time	23	16	16	17	18
Number of households	3,919	3,901	3,901	3,823	3,806
1. Assessment					
Taxable assessment upon which the year's rates of taxation were set					
Residential and farm	497,329	495,045	491,232	416,178	417,781
Commercial, multi-residential and industrial	8,471	8,725	8,432	7,845	7,937
Pipeline and managed forests	2,844	2,774	2,775	3,293	2,466
Total	508,644	506,544	502,439	427,316	428,184
Per capita	\$ 129,000	\$ 128,466	\$ 127,425	\$ 109,483	\$ 109,706
Commercial, multi-residential and industrial as a percentage of total taxable assessment	2.0%	1.7%	1.7%	1.8%	1.8%
Exempt assessment	19,330	19,120	19,082	15,872	15,792
2. Revenue for general municipal services					
Taxation	\$ 4,337	\$ 4,120	\$ 4,089	\$ 3,735	\$ 3,936
Government grants	4,274	1,663	3,246	1,861	1,193
Fees and service charges	515	540	515	514	489
Other	579	535	841	222	133
Total	\$ 9,705	\$ 6,858	\$ 8,691	\$ 6,332	\$ 5,751
3. Tax arrears - per capita	\$ 279.96	\$ 257.16	\$ 289.03	\$ 286.34	\$ 269.59
- percentage of current levy	16.0%	14.5%	16.5%	17.2%	16.1%
4. Expenditure - general municipal	\$ 7,072	\$ 5,332	\$ 4,961	\$ 4,669	\$ 5,127
5. Transfers to the region or county	\$ 1,387	\$ 1,433	\$ 1,394	\$ 1,391	\$ 1,266
6. Transfers to the school boards	\$ 1,470	\$ 1,461	\$ 1,420	\$ 1,382	\$ 1,360
7. Capital financing during the year					
Contributions from own funds	\$ 916	\$ 2,477	\$ 2,420	\$ 775	\$ 520
Ontario grants	1,678	2	4,074	21	14
Federal grants	-	59	89	-	-
Long-term debt	-	1,100	-	-	-
Other	119	99	23	14	-
Total	\$ 2,713	\$ 3,737	\$ 6,606	\$ 810	\$ 534
8. Capital expenditure during the year	\$ 2,797	\$ 2,879	\$ 7,706	\$ 810	\$ 1,152
9. Capital fund balance	\$ (286)	\$ (201)	\$ (1,100)	\$ -	\$ -
10. Current fund balance	\$ 438	\$ 507	\$ 511	\$ 333	\$ 321
11. Reserves and reserve funds	\$ 2,786	\$ 2,998	\$ 4,278	\$ 3,189	\$ 2,373



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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, 2008 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, 2008 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

June 5, 2009

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Trust Funds

Statements of Financial Position

December 31, 2008, with comparative figures for 2007

		Cemetery Perpetual Care		Ontario Boarding Home Contract Program		Ontario Home Renewal Program		Total 2008		Total 2007
Assets										
Cash	\$	155,424	\$	-	\$	-	\$	155,424	\$	147,512
Ontario Home Renewal Plan loans receivable		-		-		10,250		10,250		10,249
Investments (note 2)		14,229		-		-		14,229		14,229
Due from Revenue Fund		-		24,466		-		24,466		24,466
	\$	169,653	\$	24,466	\$	10,250	\$	204,369	\$	196,456
Liabilities and Capital Balances										
Capital	\$	169,653	\$	24,466	\$	10,250	\$	204,369	\$	196,456

See accompanying notes to financial statements.

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Trust Funds

Statements of Continuity

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

	Cemetery Perpetual Care	Ontario Boarding Home Contract Program	Ontario Home Renewal Program	Total 2008	Total 2007
Balance, beginning of year	\$ 161,741	\$ 24,466	\$ 10,249	\$ 196,456	\$ 182,097
Monument donations	1,010	-	-	1,010	6,700
Sale of cemetery plots	2,450	-	-	2,450	2,100
Interest earned	5,215	-	1	5,216	6,638
	170,416	24,466	10,250	205,132	197,535
Investment fees	127	-	-	127	129
Transfer to revenue fund	636	-	-	636	950
	763	-	-	763	1,079
Balance, end of year	\$ 169,653	\$ 24,466	\$ 10,250	\$ 204,369	\$ 196,456

See accompanying notes to financial statements.

CORPORATION OF THE TOWNSHIP OF CENTRAL 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 Central 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 of Chartered Accountants.

(a) Basis of accounting:

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

(b) Revenue recognition:

Revenue 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. Investments:

The total investments held by the trust funds in the amount of \$14,229 (2007 - \$14,229) reported on the "Statements of Financial Position" at cost, have a market value of \$14,778 (2007 - \$15,000) as at December 31, 2008.

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.

CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Trust Funds

Notes to Financial Statements (continued)

Year ended December 31, 2008

3. Ontario Home Renewal Program (continued):

Ontario Home Renewal Program loans receivable at December 31, 2008 are comprised of repayable loans of \$10,249 (2007 - \$10,249) and forgivable loans of \$Nil (2007 - \$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.

5. 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.