
CORPORATION OF THE TOWNSHIP OF NORTH STORMONT

FINANCIAL STATEMENTS

December 31, 2011



CORPORATION OF THE TOWNSHIP OF NORTH STORMONT

December 31, 2011

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Financial Activities	3
Statement of Change in Net Financial Assets	4
Statement of Cash Flows	5
Schedule of Tangible Capital Assets	6 - 7
Schedule of Accumulated Surplus	8
Schedule of Change in Accumulated Surplus	9
Schedule of Segmented Disclosure	10
Notes to the Financial Statements	11 - 18
Five Year Financial Review	19 - 20





INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Corporation of the Township of North Stormont, which comprise the statement of financial position as at December 31, 2011, and the statements of financial activities, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Administration's Responsibility for the Financial Statements

Administration is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants for local municipalities and its local boards, and for such internal control as administration 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 the 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 the auditors' 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, the auditors 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by administration, 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 Corporation of the Township of North Stormont as at December 31, 2011, and its results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants for local municipalities and its local boards.

Craig Keen Despatie Markell LLP

CHARTERED ACCOUNTANTS

Licensed Public Accountants

Cornwall, Ontario
July 24, 2012

CORPORATION OF THE TOWNSHIP OF NORTH STORMONT
STATEMENT OF FINANCIAL POSITION

As at December 31, 2011

	2011	2010
NET FINANCIAL ASSETS		
Assets		
Cash	\$ 1,236,837	\$ 541,803
Taxes receivable	1,354,488	1,538,744
Accounts receivable	1,370,810	1,643,547
Long-term receivable	-	16,363
	3,962,135	3,740,457
 Liabilities		
Temporary borrowings	-	200,000
Accounts payable	866,609	668,264
Accrued interest on municipal debt	3,205	3,557
Deferred revenue - obligatory reserve funds (Note 2)	386,715	232,860
Future employment benefits payable (Note 3)	45,260	40,473
Municipal debt (Note 4)	799,060	798,288
	2,100,849	1,943,442
Net Financial Assets	1,861,286	1,797,015
NON-FINANCIAL ASSETS		
Tangible capital assets	29,973,323	29,884,897
Inventory	58,375	70,435
	30,031,698	29,955,332
Accumulated Surplus	\$ 31,892,984	\$ 31,752,347

See Accompanying Notes



CORPORATION OF THE TOWNSHIP OF NORTH STORMONT
STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2011

	BUDGET 2011	ACTUAL 2011	ACTUAL 2010
REVENUE			
Taxation (Note 1(a)(iii))	\$ 2,114,236	\$ 2,135,769	\$ 2,046,177
Fees and service charges	1,247,484	1,344,493	1,283,370
Grants	1,417,619	1,497,437	1,510,347
Investment income	171,800	222,843	203,572
Donations and other	1,000	1,500	1,150
	4,952,139	5,202,042	5,044,616
EXPENSES			
General government	614,000	673,990	581,245
Protection to persons and property	422,110	554,514	539,577
Transportation services	1,623,850	1,963,928	2,078,594
Environmental services	882,152	1,115,543	1,152,028
Health services	25,000	17,194	20,055
Recreation and cultural services	443,166	558,816	407,627
Planning and development	141,100	227,547	238,866
	4,151,378	5,111,532	5,017,992
OTHER REVENUE RELATED TO CAPITAL			
Deferred revenue earned	289,100	56,374	363,658
Grants	-	-	1,101,813
Donations and other	-	-	225,700
(Loss) gain on disposal of tangible capital assets	-	(6,247)	29,608
	289,100	50,127	1,720,779
SURPLUS FOR THE YEAR	1,089,861	140,637	1,747,403
ACCUMULATED SURPLUS, beginning of year	31,752,347	31,752,347	30,004,944
ACCUMULATED SURPLUS, end of year	\$ 32,842,208	\$ 31,892,984	\$ 31,752,347

See Accompanying Notes



CORPORATION OF THE TOWNSHIP OF NORTH STORMONT

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31, 2011

	BUDGET 2011	ACTUAL 2011	ACTUAL 2010
Surplus for the year	\$ 1,089,861	\$ 140,637	\$ 1,747,403
Amortization of tangible assets	-	820,772	1,019,341
Acquisition of tangible capital assets	(847,517)	(925,445)	(2,563,439)
Proceeds on sale of tangible capital assets	50,000	10,000	88,673
Loss (gain) on disposal of tangible capital assets	-	6,247	(29,608)
Change in inventory	-	12,060	(4,608)
Increase in net financial assets	292,344	64,271	257,762
Net financial assets, beginning of year	1,797,015	1,797,015	1,539,253
Net financial assets, end of year	\$ 2,089,359	\$ 1,861,286	\$ 1,797,015

See Accompanying Notes



CORPORATION OF THE TOWNSHIP OF NORTH STORMONT

STATEMENT OF CASH FLOWS

For the year ended December 31, 2011

	2011	2010
CASH FROM OPERATING ACTIVITIES		
Surplus for the year	\$ 140,637	\$ 1,747,403
Items not affecting cash or equivalent		
Amortization expense	820,772	1,019,341
Loss (gain) on disposal of tangible capital assets	6,247	(29,608)
Changes in non-cash working capital balances		
Taxes receivable	184,256	(190,196)
Accounts receivable	272,737	548,234
Inventory	12,060	(4,608)
Accounts payable	198,345	(46,312)
Accrued interest on municipal debt	(352)	(337)
Deferred revenue - obligatory reserve funds	153,855	(154,513)
Future employment benefits payable	4,787	4,115
	1,793,344	2,893,519
CASH FROM FINANCING ACTIVITIES		
Proceeds from municipal debt	242,795	255,885
Payments made on municipal debt	(242,023)	(130,747)
	772	125,138
CASH USED IN INVESTING ACTIVITIES		
Proceeds on disposal of capital assets	10,000	88,673
Acquisition of tangible capital assets	(925,445)	(2,563,438)
Decrease in long-term receivable	16,363	15,150
	(899,082)	(2,459,615)
INCREASE IN CASH AND EQUIVALENT	895,034	559,042
CASH AND EQUIVALENT, beginning of year	341,803	(217,239)
CASH AND EQUIVALENT, end of year	\$ 1,236,837	\$ 341,803
REPRESENTED BY :		
Cash	\$ 1,236,837	\$ 541,803
Temporary borrowings	-	(200,000)
	\$ 1,236,837	\$ 341,803

See Accompanying Notes



CORPORATION OF THE TOWNSHIP OF NORTH STORMONT
SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2011

	Land	Buildings	Vehicles	Equipment	Roads	Bridges	Water and Sewer	2011	2010
Cost									
Balance, beginning of year	\$ 20,111	\$ 7,674,428	\$ 3,552,715	\$ 1,547,902	\$ 6,424,885	\$ 3,916,378	\$ 19,851,763	\$ 42,988,182	\$ 40,658,903
Additions during the year	-	-	283,426	77,475	512,365	52,179	-	925,445	2,563,439
Disposals during the year	-	-	-	-	(80,957)	(34,441)	-	(115,398)	(234,160)
Balance, end of year	20,111	7,674,428	3,836,141	1,625,377	6,856,293	3,934,116	19,851,763	43,798,229	42,988,182
Accumulated Amortization									
Balance, beginning of year	-	2,464,698	1,151,115	504,786	2,958,374	1,414,934	4,609,378	13,103,285	12,259,039
Amortization during the year	-	180,801	153,445	70,527	156,081	43,423	216,495	820,772	1,019,341
Amortization on disposals	-	-	-	-	(77,912)	(21,239)	-	(99,151)	(175,095)
Balance, end of year	-	2,645,499	1,304,560	575,313	3,036,543	1,437,118	4,825,873	13,824,906	13,103,285
Net book value	\$ 20,111	\$ 5,028,929	\$ 2,531,581	\$ 1,050,064	\$ 3,819,750	\$ 2,496,998	\$ 15,025,890	\$ 29,973,323	\$ 29,884,897

See Accompanying Notes



CORPORATION OF THE TOWNSHIP OF NORTH STORMONT
SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2011

	General Government	Protection Services	Transportation Services	Environmental Services	Water and Sewer	Recreation Services	2011	2010
Cost								
Balance, beginning of year	\$ 205,869	\$ 3,425,676	\$ 13,764,395	\$ 440,075	\$ 19,851,763	\$ 5,300,404	\$ 42,988,182	\$ 40,658,903
Additions during the year	-	28,494	598,052	221,425	-	77,474	925,445	2,563,439
Disposals during the year	-	-	(115,398)	-	-	-	(115,398)	(234,160)
Balance, end of year	205,869	3,454,170	14,247,049	661,500	19,851,763	5,377,878	43,798,229	42,988,182
Accumulated Amortization								
Balance, beginning of year	68,358	1,292,838	5,628,758	106,572	4,609,378	1,397,381	13,103,285	12,259,039
Amortization during the year	5,114	122,952	325,357	26,459	216,495	124,395	820,772	1,019,341
Amortization on disposals	-	-	(99,151)	-	-	-	(99,151)	(175,095)
Balance, end of year	73,472	1,415,790	5,854,964	133,031	4,825,873	1,521,776	13,824,906	13,103,285
Net book value	\$ 132,397	\$ 2,038,380	\$ 8,392,085	\$ 528,469	\$ 15,025,890	\$ 3,856,102	\$ 29,973,323	\$ 29,884,897

See Accompanying Notes



CORPORATION OF THE TOWNSHIP OF NORTH STORMONT
SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2011

	2011	2010
Surpluses (deficits)		
Operating surplus	\$ -	\$ -
Water and sewer surplus	-	-
Unfunded capital projects	(687,279)	(600,758)
Unfunded liabilities to be recovered from future revenues		
Future employment benefits and accrued interest	(48,465)	(44,030)
Total surpluses (deficits)	(735,744)	(644,788)
Reserves		
Working capital	1,533,856	1,529,187
Transportation	260,000	260,000
Elections	5,000	-
Fire	286,060	186,060
Water and sewer	500,484	404,373
Capital	69,840	69,840
Landfill	20,000	20,000
Infrastructure	132,305	132,305
Wards	180,932	180,932
Recreation	118,663	118,663
	3,107,140	2,901,360
Special purpose reserves		
Equipment replacement	131,423	130,363
Total reserves	3,238,563	3,031,723
Equity in tangible capital assets		
Invested in tangible capital assets	29,973,323	29,884,897
Less: related debt	(583,158)	(519,485)
Total equity in tangible capital assets	29,390,165	29,365,412
ACCUMULATED SURPLUS	\$ 31,892,984	\$ 31,752,347

See Accompanying Notes



CORPORATION OF THE TOWNSHIP OF NORTH STORMONT
SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS

For the year ended December 31, 2011

	Surpluses (Deficits)	Reserves and Reserve Funds	Equity in Tangible Capital Assets	2011	2010
Balance, beginning of year	\$ (644,788)	\$ 3,031,723	\$ 29,365,412	\$ 31,752,347	\$ 30,004,944
Surplus for the year	139,578	1,059	-	140,637	1,747,403
Funds transferred to reserves	(205,781)	205,781	-	-	-
Current year funds used for tangible capital assets	(925,445)	-	925,445	-	-
Disposal of tangible capital assets	16,247	-	(16,247)	-	-
Annual amortization expense	820,772	-	(820,772)	-	-
Proceeds from municipal debt	217,595	-	(217,595)	-	-
Payments made on municipal debt	(153,922)	-	153,922	-	-
Change in accumulated surplus	(90,956)	206,840	24,753	140,637	1,747,403
Balance, end of year	\$ (735,744)	\$ 3,238,563	\$ 29,390,165	\$ 31,892,984	\$ 31,752,347

See Accompanying Notes



CORPORATION OF THE TOWNSHIP OF NORTH STORMONT
SCHEDULE OF SEGMENTED DISCLOSURE

For the year ended December 31, 2011

	General Government	Protection Services	Transportation Services	Environmental Services	Water and Sewer Services	Health Services	Recreation and Cultural Services	Planning and Development	2011	2010
REVENUE										
Taxation	\$ 283,958	\$ 325,681	\$ 1,305,934	\$ 4,569	\$ -	\$ 45,286	\$ 140,311	\$ 30,030	\$ 2,135,769	\$ 2,046,177
Fees and service charges	86,045	30,171	-	266,301	625,714	-	237,115	99,147	1,344,493	1,283,370
Grants	127,706	199,308	804,995	132,569	39,832	27,714	78,554	86,759	1,497,437	1,510,347
Investment income	217,834	-	-	-	5,009	-	-	-	222,843	203,572
Donations and other	500	1,000	-	-	-	-	-	-	1,500	1,150
	716,043	556,160	2,110,929	403,439	670,555	73,000	455,980	215,936	5,202,042	5,044,616
EXPENSES										
Wages and benefits	443,586	101,597	526,923	106,457	-	-	122,716	57,487	1,358,766	1,313,499
Interest on municipal debt	-	9,887	-	-	1,309	-	-	17,061	28,257	79,319
Materials and services	172,621	193,170	987,656	114,751	78,261	15,371	248,164	152,999	1,962,993	1,570,609
Contracted services	13,986	12,705	91,222	96,315	454,284	-	-	-	668,512	803,430
Insurance and financial costs	38,573	21,800	33,341	4,333	16,879	1,823	37,980	-	154,729	115,744
Third party transfers	-	92,403	-	-	-	-	25,100	-	117,503	116,049
Amortization	5,224	122,952	324,786	26,460	216,494	-	124,856	-	820,772	1,019,342
	673,990	554,514	1,963,928	348,316	767,227	17,194	558,816	227,547	5,111,532	5,017,992
OTHER REVENUE RELATED TO CAPITAL										
Deferred revenue earned	-	-	56,374	-	-	-	-	-	56,374	363,658
Grants	-	-	-	-	-	-	-	-	-	1,101,813
Donations and other	-	-	-	-	-	-	-	-	-	225,700
(Loss) gain on disposal of tangible capital assets	-	-	(6,247)	-	-	-	-	-	(6,247)	29,608
	-	-	50,127	-	-	-	-	-	50,127	1,720,779
SURPLUS FOR THE YEAR	\$ 42,053	\$ 1,646	\$ 197,128	\$ 55,123	\$ (96,672)	\$ 55,806	\$ (102,836)	\$ (11,611)	\$ 140,637	\$ 1,747,403

See Accompanying Notes



CORPORATION OF THE TOWNSHIP OF NORTH STORMONT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with Canadian generally accepted accounting principles prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants for local municipalities and their local boards.

(a) Basis of consolidation

(i) Consolidated entities

These financial statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund and reserves and include the activities of all committees of Council.

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

These financial statements reflect the investment in any government business enterprises and are consolidated using the modified equity method. Under the modified equity basis, the enterprises accounting principles are not adjusted to conform with those of the Township and intergovernmental transactions and balances are not eliminated.

There are no government business enterprises.

(ii) Non-consolidated entities

There are no non-consolidated entities.

(iii) Accounting for United Counties and school board transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards, and the United Counties of Stormont, Dundas and Glengarry are not reflected in the municipal fund balances of these financial statements.

(iv) Trust funds

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the trust funds balance sheet and statement of continuity.

(b) Basis of accounting

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.

CORPORATION OF THE TOWNSHIP OF NORTH STORMONT
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fund accounting

Funds within the financial statements consists of the operating fund, capital fund and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

(d) Reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and from reserves and reserve funds are an adjustment to the respective fund when approved.

(e) Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which 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.

(f) Deferred revenue

Deferred revenue represents user charges and fees that have been collected but the services have yet to be performed. These amounts will be recognized as revenues in the year the services are performed.

(g) Employee benefits

Employee benefits include vacation entitlement and sick leave benefits. Vacation and sick leave benefits are accrued in accordance with the Township's policy. The Township accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), as a defined contribution plan.

(h) Amounts to be recovered from future revenues

Amounts to be recovered from future revenues represents the outstanding principal portion of unmatured long-term liabilities for expenditures, accrued interest on long-term liabilities and future employment benefits payable that will be financed through future revenues of the Township and is reported on the statement of financial position.

CORPORATION OF THE TOWNSHIP OF NORTH STORMONT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments

(i) Fair value of financial instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Township has classified each financial instrument into one of the following categories: held-for-trading, loans and receivables, held to maturity and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

(i) Cash is classified as "held for trading". It is measured at fair value and any gains or losses resulting from the re-measurement at the end of each period are recognized in net income.

(ii) Taxes receivable and accounts receivable are classified as "loans and receivables". They are recorded at cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest method.

(iii) Accounts payable, accrued interest on municipal debt, deferred revenue, and net municipal debt are classified as "financial liabilities". They are recorded at their cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest method.

The carrying amounts, of the aforementioned assets and liabilities in (i), (ii), and (iii), approximate fair values due to the immediate and short-term maturities of these financial instruments. The carrying value of long-term debt is based on the quoted market prices for the same and similar debt instruments.

(ii) Concentration of credit risk

The Township does not believe it is subject to any significant concentration of credit risk. Cash is held in credit-worthy financial institutions. Taxes and accounts receivable are the result of taxation or services to corporations, public sector organizations and individuals geographically concentrated within Eastern Ontario.

(j) 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

CORPORATION OF THE TOWNSHIP OF NORTH STORMONT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Non-financial assets (Continued)

(i) Tangible capital assets

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

Buildings	40 years
Vehicles	25 years
Machinery and equipment	15 to 25 years
Transportation	
roads	15 to 50 years
bridges and structures	90 years
sidewalks	50 years
illumination	50 years
Water and waste plants and networks	
underground networks	80 to 100 years
sewage treatment plants	80 years
water pumping stations and reservoirs	80 years
flood stations and other infrastructure	80 years

One half of the annual amortization is charged in the year of acquisition and the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Township has a capitalization threshold of \$25,000 so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Examples of pool of assets are desktop computer systems, vehicles, utility poles and defibrillators.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of the transfer.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(iv) Inventory

Inventory held for consumption are recorded at the lower of cost or replacement cost.

CORPORATION OF THE TOWNSHIP OF NORTH STORMONT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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 expenditures during the period. Actual results could differ from these estimates.

2. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of PSAB is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balance in the obligatory reserve fund represents funds held under the federal gas tax program and are summarized as follows:

	2011	2010
Balance, beginning of year	\$ 232,860	\$ 387,372
Grants received	207,639	207,639
Interest and other	2,590	1,507
Transfer to capital acquisitions	(56,374)	(363,658)
Balance, end of year	\$ 386,715	\$ 232,860

3. FUTURE EMPLOYMENT BENEFITS PAYABLE

The Township provides employee benefits that will require funding in future periods for sick leave benefits and vacation payable. Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Township's employment. With respect to responsibilities under the Workplace Safety and Insurance Board Act the Township has elected to be a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. There is no WSIB liability recorded as of December 31, 2011.

CORPORATION OF THE TOWNSHIP OF NORTH STORMONT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2011

4. MUNICIPAL DEBT

(a) The balance of municipal debt reported on the Statement of Financial Position is comprised of the following:

	2011	2010
Capital lease, 0% interest, repayable in monthly payments of 7,311, due October 2013, secured by asset	\$ 153,531	\$ 241,263
Capital lease, 0% interest, repayable in monthly payments of \$2,529, due August 2011, secured by asset	-	19,117
Capital lease, 0% interest, repayable in monthly payments of \$3,140, due August 2011, secured by asset	-	23,739
Bank term loan, interest at 4.46%, repayable in blended semi-annual payments of \$16,787, due March 2019, unsecured	212,032	235,366
Bank term loan, interest at 3.54%, repayable in blended monthly payments of \$3,962, due December 2016, secured by asset	217,595	-
Tile drain loans, interest ranging from 6-8%, repayable over a ten year period in blended payments ranging between \$2,000 and \$4,000, maturity dates ranging from 2012 to 2021	215,902	278,803
Municipal debt, end of the year	\$ 799,060	\$ 798,288

Repayment of long-term debt, assuming the loans are renewed under the same terms and conditions, is as follows:

2012	\$ 176,225
2013	159,378
2014	97,810
2015	102,241
2016	102,996
Thereafter	160,410
	\$ 799,060

(b) Of the net municipal debt reported in (a), principal payments are payable from the following sources as follows:

	2012 to 2016	Thereafter
General municipal revenues	\$ 500,609	\$ 82,549
Local improvement charges	138,044	77,858
	\$ 638,653	\$ 160,407

(c) The municipality is contingently liable for municipal debt with respect to tile drainage. The total amount outstanding as at December 31, 2011 is \$215,902 (2010 - \$278,803) and is recorded as part of municipal debt.



CORPORATION OF THE TOWNSHIP OF NORTH STORMONT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2011

5. AMOUNTS TO BE RECOVERED FROM FUTURE REVENUES

Amounts to be recovered from future taxation, local improvement charges and reserves are as follows:

	2011	2010
Municipal debt	\$ 799,060	\$ 798,288
Accrued interest on municipal debt	3,205	3,557
Future employment benefits payable	45,260	40,473
	\$ 847,525	\$ 842,318

Amounts are to be recovered from the following sources:

General municipal revenues	\$ 631,623	\$ 563,515
Local improvement charges	215,902	278,803
	\$ 847,525	\$ 842,318

6. OPERATING AND WATER AND SEWER OPERATIONS SURPLUS

The operating surplus for the fiscal year ending December 31, 2011 was \$4,670 which was transferred to the working funds reserve as at December 31, 2011.

The water and sewer operations surplus for the fiscal year ending December 31, 2011 was \$96,111, which was transferred to the water and sewer working fund reserves as at December 31, 2011.

7. EXPENDITURES BY OBJECT

Operating expenditures is summarized as follows:

	BUDGET 2011	ACTUAL 2011	ACTUAL 2010
Wages and benefits	\$ 1,351,400	\$ 1,358,766	\$ 1,313,499
Interest on municipal debt	35,189	28,257	79,319
Materials and services	1,929,829	1,962,993	1,570,609
Contracted services	580,050	668,512	803,430
Insurance and financial costs	137,466	154,729	115,744
Third party transfers	117,444	117,503	116,049
Amortization	-	820,772	1,019,342
	\$ 4,151,378	\$ 5,111,532	\$ 5,017,992



CORPORATION OF THE TOWNSHIP OF NORTH STORMONT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2011

8. PENSION AGREEMENTS

The Township is a member of the Ontario Municipal Employees Retirement System ("OMERS") which is a multi-employer retirement plan. The plan is a defined benefit plan that specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay.

The employer amount contributed to OMERS for 2012 was \$46,162 (2010 - \$43,393) for current service and is included as an expenditure on the statement of financial activities.

9. TRUST FUNDS

Trust funds administered by the municipality amounting to \$6,226 (2010 - \$10,949) have not been included in the Consolidated Statement of Financial Activities.

10. BUDGET FIGURES

Budgets established for Capital, Reserves and Reserve Funds are based on a project-oriented basis, the costs of which may be carried out over one or more years.

11. PUBLIC SECTOR SALARY DISCLOSURE ACT

In 2011, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more.

12. COMMITMENTS

In 2008, the Township pledged \$100,000 to the Cornwall Community Hospital over a five year period commencing in 2008. The remaining commitment payable is \$20,000.

CORPORATION OF THE TOWNSHIP OF NORTH STORMONT

FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2011

FINANCIAL ACTIVITIES (000's)

	2011	2010	2009	2008	2007
Revenues					
Taxation	\$ 2,136	\$ 2,046	\$ 1,978	\$ 1,870	\$ 1,888
Fees and service charges	1,344	1,283	1,233	1,270	1,174
Grants	1,497	1,510	1,604	1,906	1,462
Investment income	223	204	196	248	238
Donations and other	2	1	6	5	7
	5,202	5,044	5,017	5,299	4,769
Expenses					
General government	674	581	594	522	607
Protection to persons and property	555	540	484	458	403
Transportation services	1,964	2,079	1,911	1,929	1,403
Environmental	1,116	1,152	1,159	1,069	752
Health services	17	20	12	9	14
Recreation and cultural services	559	408	563	367	514
Planning and development	228	239	69	275	44
	5,113	5,019	5,026	4,629	3,737
Other Revenue Related to Capital					
Deferred revenue earned	56	364	-	-	-
Grants	-	1,102	2,604	3,074	616
Donations and other	-	226	197	205	111
Gain (loss) on disposal of tangible capital assets	(6)	30	67	93	38
	50	1,722	2,868	3,372	765
Surplus for the year	\$ 139	\$ 1,747	\$ 2,859	\$ 4,042	\$ 1,797

PROPERTY TAXES BILLED (000's)

	2011	2010	2009	2008	2007
Own Purposes	\$ 2,136	\$ 2,046	\$ 1,978	\$ 1,870	\$ 1,888
Upper-Tier Municipality	3,122	2,779	2,711	2,680	2,568
School Boards	1,838	1,688	1,664	1,669	1,605
	\$ 7,096	\$ 6,513	\$ 6,353	\$ 6,219	\$ 6,061

CORPORATION OF THE TOWNSHIP OF NORTH STORMONT

FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2011

TAXABLE ASSESSMENT (000's)

	2011	2010	2009	2008	2007
Residential and farm	\$ 1,189,054	\$ 1,116,732	\$ 1,047,700	\$ 975,971	\$ 965,717
Commercial and industrial	112,038	108,339	103,271	99,685	100,049
	1,301,092	1,225,071	1,150,971	1,075,656	1,065,766
Exempt	40,178	39,775	39,317	39,135	39,695
	\$ 1,341,270	\$ 1,264,846	\$ 1,190,288	\$ 1,114,791	\$ 1,105,461
Commercial and industrial	8.61%	8.84%	8.97%	9.27%	9.39%

FINANCIAL INDICATORS

	2011	2010	2009	2008	2007
Tax arrears					
Percentage of own levy	63 %	77 %	69 %	73 %	65 %
Percentage of total levy	19 %	24 %	21 %	22 %	20 %
Municipal debt	\$ 799,060	\$ 798,288	\$ 673,150	\$ 446,015	\$ 114,262
Municipal debt charges	\$ 165,118	\$ 159,762	\$ 140,518	\$ 71,900	\$ 48,374
Sustainability					
Financial assets to liabilities	1.89	1.92	1.59	2.90	2.27
Financial assets to liabilities excluding municipal debt	3.04	3.27	2.14	4.20	2.48
Municipal debt to tangible capital assets	2.67 %	2.67 %	2.37 %	1.75 %	0.47 %
Flexibility					
Debt charges to total operating revenue	3.17 %	3.17 %	2.80 %	1.36 %	1.01 %
Total operating revenue to taxable assessment	3.88 %	4.00 %	4.22 %	4.75 %	4.31 %
Vulnerability					
Operating grants to operating revenue	28.79 %	29.94 %	31.97 %	35.97 %	30.65 %
Total grants to total revenues	29.85 %	43.98 %	53.37 %	52.01 %	37.55 %
Reserve coverage					
Reserves	\$ 3,238,563	\$ 3,031,723	\$ 2,698,572	\$ 2,616,157	\$ 2,186,131
Reserves to operating expenses	63 %	60 %	54 %	57 %	58 %
Reserves to working capital	1.26	1.21	1.27	0.85	1.24