

**CORPORATION OF THE TOWNSHIP OF
ALGONQUIN HIGHLANDS**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

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ALGONQUIN HIGHLANDS**

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Collins Barrow

Chartered Accountants



CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

For The Year Ended December 31, 2010

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Algonquin Highlands are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.

The Township's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Algonquin Highlands. Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the external auditor's report.

The consolidated financial statements have been audited by Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Collins Barrow Kawarthas LLP has full and free access to Council.

Reeve

Date September 22, 2011

Treasurer

Date September 22, 2011

Township of Algonquin Highlands
1123 North Shore Road, Algonquin Highlands, ON K0M 1J1
Phone – 705-489-2379 Fax – 705-489-3491 Email – info@algonquinhighlands.ca

INDEPENDENT AUDITORS' REPORT**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Algonquin Highlands***Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Algonquin Highlands and its local boards, which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Township of Algonquin Highlands and its local boards as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Accountants
Licensed Public AccountantsPeterborough, Ontario
September 22, 2011

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2010

	2010 \$	2009 \$
FINANCIAL ASSETS		
Cash	1,011,508	1,117,248
Accounts receivable	805,448	550,876
Taxes and grants in lieu receivable	1,597,598	1,525,233
TOTAL FINANCIAL ASSETS	3,414,554	3,193,357
LIABILITIES		
Accounts payable and accrued liabilities	566,718	507,461
Deferred revenue - obligatory reserve funds (note 3)	251,084	181,394
Deferred revenue - other	15,000	18,750
Long term debt (note 4)	1,100,321	25,000
Landfill closure and post-closure liability (note 5)	573,759	643,500
TOTAL LIABILITIES	2,506,882	1,376,105
NET FINANCIAL ASSETS	907,672	1,817,252
NON-FINANCIAL ASSETS		
Tangible capital assets (note 6)	9,619,493	8,064,117
Prepaid expenses	226	-
TOTAL NON-FINANCIAL ASSETS	9,619,719	8,064,117
ACCUMULATED SURPLUS (note 7)	10,527,391	9,881,369

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2010

	Budget 2010 \$	Actual 2010 \$	Actual 2009 \$
REVENUES			
Property taxation	3,347,560	3,364,700	3,014,598
User charges	844,645	965,861	946,461
Government of Canada	860,553	254,686	175,994
Province of Ontario	1,713,753	1,114,740	1,502,227
Other municipalities	141,730	120,421	137,985
Penalties and interest on taxes	150,000	200,008	175,995
Investment income	15,000	10,097	12,881
Donations and fundraising	26,850	20,997	26,648
TOTAL REVENUES	7,100,091	6,051,510	5,992,789
EXPENSES			
General government	676,136	948,028	869,703
Protection services	1,192,505	1,002,518	911,837
Transportation services	2,233,780	1,995,168	2,193,034
Environmental services	681,812	531,558	711,229
Health services	55,075	45,914	24,200
Recreation and cultural services	778,713	792,081	739,759
Planning and development	68,796	90,221	85,158
TOTAL EXPENSES	5,686,817	5,405,488	5,534,920
ANNUAL SURPLUS	1,413,274	646,022	457,869
ACCUMULATED SURPLUS - beginning of year	9,881,369	9,881,369	9,423,500
ACCUMULATED SURPLUS - end of year	11,294,643	10,527,391	9,881,369

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2010

	Budget 2010 \$	Actual 2010 \$	Actual 2009 \$
ANNUAL SURPLUS	1,413,274	646,022	457,869
Amortization of tangible capital assets	980,899	847,595	980,899
Acquisition of tangible capital assets	(3,399,126)	(2,407,541)	(1,501,190)
Loss (gain) on disposal of tangible capital assets	(201,000)	4,570	-
Proceeds on sale of tangible capital assets	201,000	-	-
Increase in prepaid expenses	-	(226)	-
DECREASE IN NET FINANCIAL ASSETS	(1,004,953)	(909,580)	(62,422)
NET FINANCIAL ASSETS - beginning of year	1,817,252	1,817,252	1,879,674
NET FINANCIAL ASSETS - end of year	812,299	907,672	1,817,252

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended December 31, 2010

	2010 \$	2009 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	646,022	457,869
Increase in accounts receivable	(254,572)	(178,441)
Increase in taxes and grants in lieu receivable	(72,365)	(108,125)
Increase in prepaid expenses	(226)	-
Increase in accounts payable and accrued liabilities	59,257	45,698
Increase in deferred revenue - obligatory reserve funds	69,690	7,239
Decrease in deferred revenue - other	(3,750)	(638,286)
Increase/(decrease) in landfill closure and post-closure liability	(69,741)	81,500
Non-cash charges to operations		
Amortization of tangible capital assets	847,595	980,899
Loss on disposal of tangible capital assets	4,570	-
Net increase in cash from operating transactions	1,226,480	648,353
CAPITAL		
Acquisition of tangible capital assets	(2,407,541)	(1,501,190)
FINANCING		
Debt principal repayments	(25,000)	(25,000)
Line of credit advances	1,100,321	-
Net increase/(decrease) in cash from financing transactions	1,075,321	(25,000)
DECREASE IN CASH	(105,740)	(877,837)
CASH - beginning of year	1,117,248	1,995,085
CASH - end of year	1,011,508	1,117,248

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

The Township of Algonquin Highlands is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus 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 and controlled by the Township. These financial statements include:

- Algonquin Highlands Cemetery Board

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Trust Funds

Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) 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, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	15 years
Buildings	40 years
Roads and bridges	15-40 years
Lagoon	15-40 years
Machinery and equipment	5-20 years
Vehicles	3-10 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

(e) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Township because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Township unless they are sold.

(f) Reserves and 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/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(g) Deferred Revenue

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

(h) Taxation

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are processed by the Township upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose no significant collection risk.

(i) Government Funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Township's best information and judgment. Such amounts are not expected to change materially in the near term.

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs.
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

(k) Financial Instruments

The Township's financial instruments consist of cash, accounts receivable, taxes and grants in lieu receivable, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values and that the Township does not have any significant concentration of interest, currency or credit risk.

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HALIBURTON

During 2010, requisitions were made by the County of Haliburton and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Amounts requisitioned and remitted	3,087,982	2,437,241

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

3. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are summarized below:

	2010	2009
	\$	\$
Parkland	126,253	117,805
Gas tax revenues	124,831	63,589
	251,084	181,394

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2010	2009
	\$	\$
Balance - beginning of year	181,394	174,156
Add amounts received:		
Parkland fees	7,800	4,750
Federal gas tax	60,804	59,365
Interest income	1,086	3,123
	69,690	67,238
Less transfer to operations:		
Federal gas tax	-	60,000
Balance - end of year	251,084	181,394

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

4. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2010 \$	2009 \$
Promissory note repayable in annual installments of \$25,000 with interest at 0%, repaid during the year.	-	25,000
Line of credit for purchase of fire trucks bearing interest at prime plus 0.5%, converted to debenture debt in 2011.	485,806	-
Line of credit for airport development project bearing interest at prime plus 0.5%, to be converted to debenture debt once the project is completed.	614,515	-
	1,100,321	25,000

- (b) The long term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) Interest paid during the year on long term debt amounted to \$19,325 (2009 - \$Nil).
- (d) As at December 31, 2010, principal repayment terms on the long term debt reported in (a) of this note had not been determined.

5. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The liability for landfill closure and post-closure costs of \$573,759 (2009 - \$643,500) has been estimated using discounted future cash flows associated with closure and post-closure care activities for the five landfill sites owned by the Township. The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining life of the five landfill sites. The remaining capacity of these landfill sites, based on revised information, is estimated at 50,100 m3 (2009 - 41,330 m3) which is 29.5% (2009 - 26.1%) of the sites' total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$733,455 (2009 - \$751,593) as at December 31, 2010. The landfill sites are expected to reach their capacity between 2014 and 2102.

The Township has a waste management reserve of \$803,297 (2009 - \$803,297). This reserve is to fund future waste management costs including these landfill closure and post-closure costs, with the remaining costs to be funded from taxation.

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

6. TANGIBLE CAPITAL ASSETS

The net book value of the Township's tangible capital assets are:

	2010	2009
	\$	\$
General		
Land and land improvements	1,773,053	1,533,001
Buildings	1,085,655	1,092,854
Machinery and equipment	329,034	141,553
Vehicles	1,516,145	1,194,578
Infrastructure		
Roads and bridges	3,405,675	3,696,656
Lagoon	130,201	133,627
	8,239,763	7,792,269
Assets under construction	1,379,730	271,848
	9,619,493	8,064,117

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2009 - \$Nil) and no interest capitalized (2009 - \$Nil).

The allocation of tangible capital assets by segment is as follows:

	2010	2009
	\$	\$
General government	958,948	969,236
Protection services	1,414,983	1,028,302
Transportation services	6,218,056	5,316,997
Environmental services	278,559	289,080
Recreation and cultural services	745,194	449,653
Planning and development	3,753	10,849
	9,619,493	8,064,117

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

7. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2010 \$	2009 \$
Surplus/(Deficit)		
Township	-	454,417
Unfunded landfill closure and post-closure costs	(573,759)	(643,500)
Algonquin Highlands Cemetery Board	55,126	57,290
	(518,633)	(131,793)
Invested In Capital Assets		
Tangible capital assets - net book value	9,619,493	8,064,117
Long term debt	(1,100,321)	(25,000)
Unexpended (unfunded) capital	157,717	(54,632)
	8,676,889	7,984,485
Surplus	8,158,256	7,852,692
Reserves		
Working funds	745,261	361,002
Acquisition of capital assets	1,225,825	1,223,877
Recreation and cultural programs and facilities	167,549	209,266
911 and emergency services	29,500	24,500
Log chute renovations	6,000	4,000
Airport development	-	206,032
Debt retirement	195,000	-
Total Reserves	2,369,135	2,028,677
	10,527,391	9,881,369

8. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$700,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less 0.25% per annum. Council authorized the temporary borrowing limit by By-law 10-02. At December 31, 2010 there was a balance outstanding of \$Nil.

9. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time 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.

Contributions required on account of current service in 2010 were \$84,174 (2009 - \$82,793).

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

10. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2010 \$	Actual 2010 \$	Actual 2009 \$
Salaries and benefits	2,113,576	2,126,754	2,046,304
Interest charges	-	19,325	-
Materials	1,714,784	1,345,891	1,521,086
Contracted services	792,308	812,853	744,422
Rents and financial	281,750	244,500	240,162
External transfers	4,500	4,000	2,047
Amortization	980,899	847,595	980,899
Loss (gain) on disposal of tangible capital assets	(201,000)	4,570	-
	5,686,817	5,405,488	5,534,920

11. TRUST FUNDS

Trust funds administered by the Township amounting to \$91,287 (2009 - \$88,037) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

12. BUDGET FIGURES

The budget, approved by the Township, for 2010 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

13. SEGMENTED INFORMATION

The Township of Algonquin Highlands is a municipal government organization that provides a range of services to its residents. Township services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

13. SEGMENTED INFORMATION, continued

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. For additional information see the Consolidated Schedule of Segment Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the Township and its programs and services.

Protection Services

Protection services include police, fire, protective inspection and control and emergency measures.

Transportation Services

The activities of the transportation function include construction and maintenance of the Township's roads and bridges, winter control, and street lighting. This function also includes the operations of the airport.

Environmental Services

The environmental function is responsible for providing waste and wastewater disposal and recycling services.

Health Services

The health services function consists of the activities of the cemetery board.

Recreation and Cultural Services

The recreation and cultural services function provides parks, indoor and outdoor recreational facilities and library facilities.

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the Township.

14. CONTINGENT LIABILITIES

The Township, in the course of its operations, has been named in several lawsuits the outcome of which is indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

15. COMMITMENT

The Township has entered into a contract related to the Airport Development Project in the amount of \$2,266,000. As at December 31, 2010, \$465,000 of this contract had been completed. Two thirds of the project will be funded through Federal and Provincial grants and the one third Municipal contribution will be funded through the issue of long term debt.

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2010

	General				Infrastructure		Assets Under	Totals
	Land and Land Improvements \$	Buildings \$	Machinery and Equipment \$	Vehicles \$	Roads and Bridges \$	Lagoon \$	Construction \$	\$
COST								
Balance, beginning of year	1,533,735	2,100,777	349,872	3,570,096	9,865,575	137,053	271,848	17,828,956
Add: additions during the year	257,984	44,925	11,734	485,322	227,846	-	1,379,730	2,407,541
Less: disposals during the year	-	-	-	287,786	20,947	-	-	308,733
Internal transfers	-	-	217,216	54,632	-	-	(271,848)	-
Balance, end of year	1,791,719	2,145,702	578,822	3,822,264	10,072,474	137,053	1,379,730	19,927,764
ACCUMULATED AMORTIZATION								
Balance, beginning of year	734	1,007,923	208,319	2,375,518	6,168,919	3,426	-	9,764,839
Add: additions during the year	17,932	52,124	41,469	218,387	514,257	3,426	-	847,595
Less: disposals during the year	-	-	-	287,786	16,377	-	-	304,163
Balance, end of year	18,666	1,060,047	249,788	2,306,119	6,666,799	6,852	-	10,308,271
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,773,053	1,085,655	329,034	1,516,145	3,405,675	130,201	1,379,730	9,619,493

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2010

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	482,990	952,534	994,671	508,783	65,075	348,147	12,500	3,364,700
User charges	28,992	105,829	242,318	215,065	8,936	313,629	51,092	965,861
Government transfers - operating	-	-	685,500	-	-	79,734	-	765,234
Government transfers - capital	-	-	390,720	-	-	213,472	-	604,192
Other municipalities	-	23,685	86,170	-	-	10,566	-	120,421
Penalties and interest on taxes	200,008	-	-	-	-	-	-	200,008
Investment income	7,462	-	-	-	2,635	-	-	10,097
Donations and fundraising	-	-	-	-	-	20,997	-	20,997
Total revenues	719,452	1,082,048	2,399,379	723,848	76,646	986,545	63,592	6,051,510
Expenses								
Salaries and benefits	551,381	337,829	647,724	107,684	11,918	417,780	52,438	2,126,754
Interest charges	-	6,617	12,708	-	-	-	-	19,325
Materials	354,047	246,730	320,221	96,818	30,513	285,846	11,716	1,345,891
Contracted services	28,314	300,106	173,530	281,037	-	10,894	18,972	812,853
Rents and financial	-	-	167,804	35,498	3,483	37,715	-	244,500
External transfers	4,000	-	-	-	-	-	-	4,000
Amortization	10,286	111,236	668,611	10,521	-	39,846	7,095	847,595
Loss (gain) on disposal of tangible capital assets	-	-	4,570	-	-	-	-	4,570
Total expenses	948,028	1,002,518	1,995,168	531,558	45,914	792,081	90,221	5,405,488
Net surplus/(deficit)	(228,576)	79,530	404,211	192,290	30,732	194,464	(26,629)	646,022

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2009

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	822,253	761,081	508,944	527,469	11,065	356,752	27,034	3,014,598
User charges	18,308	116,418	182,755	232,390	7,142	305,225	84,223	946,461
Government transfers - operating	-	4,050	680,200	59,139	-	32,309	-	775,698
Government transfers - capital	-	146,348	717,036	39,139	-	-	-	902,523
Other municipalities	-	21,000	104,799	-	-	12,186	-	137,985
Penalties and interest on taxes	175,995	-	-	-	-	-	-	175,995
Investment income	12,881	-	-	-	-	-	-	12,881
Donations and fundraising	26,648	-	-	-	-	-	-	26,648
Total revenues	1,056,085	1,048,897	2,193,734	858,137	18,207	706,472	111,257	5,992,789
Expenses								
Salaries and benefits	551,965	307,022	595,416	162,109	12,828	376,359	40,605	2,046,304
Materials	298,682	236,833	382,396	282,941	7,377	288,034	24,823	1,521,086
Contracted services	6,723	254,016	226,497	217,771	-	26,781	12,634	744,422
Rents and financial	-	-	167,949	39,879	3,995	28,339	-	240,162
External transfers	2,047	-	-	-	-	-	-	2,047
Amortization	10,286	113,966	820,776	8,529	-	20,246	7,096	980,899
Total expenses	869,703	911,837	2,193,034	711,229	24,200	739,759	85,158	5,534,920
Net surplus/(deficit)	186,382	137,060	700	146,908	(5,993)	(33,287)	26,099	457,869

INDEPENDENT AUDITORS' REPORT**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Algonquin Highlands***Report on the Financial Statements*

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Township of Algonquin Highlands, which comprise the statement of financial position as at December 31, 2010, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Township as at December 31, 2010 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLPChartered Accountants
Licensed Public AccountantsPeterborough, Ontario
September 22, 2011

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2010

	Cemetery Trust \$	Ontario Home Renewal Program \$	2010 Total \$	2009 Total \$
FINANCIAL ASSETS				
Cash	43,937	3,572	47,509	46,078
Investments (note 2)	52,874	-	52,874	50,783
Loans receivable	-	1,136	1,136	1,136
	96,811	4,708	101,519	97,997
LIABILITIES AND TRUST FUND BALANCES				
CURRENT LIABILITIES				
Due to Cemetery Board	10,041	-	10,041	9,771
Due to Township	-	191	191	189
	10,041	191	10,232	9,960
FUND BALANCES	86,770	4,517	91,287	88,037
	96,811	4,708	101,519	97,997

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

TRUST FUNDS

STATEMENT OF CONTINUITY

For the Year Ended December 31, 2010

	Cemetery Trust \$	Ontario Home Renewal Program \$	2010 Total \$	2009 Total \$
BALANCE - beginning of year	83,520	4,517	88,037	86,987
RECEIPTS				
Investment income	2,566	2	2,568	2,699
Perpetual care receipts	3,250	-	3,250	1,050
	5,816	2	5,818	3,749
EXPENSES				
Administration	-	2	2	18
Transfer to Cemetery Board	2,320	-	2,320	2,681
Investment fees	246	-	246	-
	2,566	2	2,568	2,699
BALANCE - end of year	86,770	4,517	91,287	88,037

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses 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.

(b) Financial Instruments

The Trust Funds financial instruments consist of cash, investments, due to Cemetery Board and due to Township. It is management's opinion that the fair value of the financial instruments are not materially different from their carrying value unless otherwise noted. The Trust Funds do not have any significant concentration of credit, currency or interest rate risk.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Township's best information and judgment. Actual results could differ from these estimates.

2. INVESTMENTS

Perpetual Care investments, recorded at cost, consist of the following:

	Market Value	2010	2009
	\$	\$	\$
Units held by the Anglican Diocese of Toronto for:			
St. Peter's Anglican Cemetery	29,925	19,783	19,183
ScotiaTrust bond fund for:			
Maple Lake United Cemetery	29,632	29,845	28,375
Guaranteed Investment Certificates bearing interest at rates from 2.85% to 4% and maturing between February 16, 2011 and November 18, 2011 for:			
Zion United Cemetery	3,255	3,246	3,225
	62,812	52,874	50,783

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

3. ONTARIO HOME RENEWAL PROGRAM LOANS

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing 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 is \$4,000. 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.

Ontario Home Renewal Program loans receivable at December 31, 2010 are comprised of repayable loans of \$1,136 (2009 - \$1,136).

The Province of Ontario cancelled the Ontario Home Renewal Program as of July 16, 1993. As of that date, no new loans are to be issued and surplus funds are to be returned to the Province annually.

4. CEMETERY TRUST

The figures reported for the cemetery trust represent the trust fund activities for the Township's cemeteries for perpetual and monument care.

**CORPORATION OF THE TOWNSHIP OF
ALGONQUIN HIGHLANDS**

ALGONQUIN HIGHLANDS CEMETERY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2010

INDEPENDENT AUDITORS' REPORT

**To the Members of the Algonquin Highlands Cemetery Board, the
Members of Council, Inhabitants and Ratepayers of the Corporation of
the Township of Algonquin Highlands**

Report on the Financial Statements

We have audited the accompanying financial statements of the Algonquin Highlands Cemetery Board of the Corporation of the Township of Algonquin Highlands, which comprise the statement of financial position as at December 31, 2010, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Algonquin Highlands Cemetery Board as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
September 22, 2011

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

ALGONQUIN HIGHLANDS CEMETERY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2010

	2010 \$	2009 \$
FINANCIAL ASSETS		
Cash	46,931	50,293
Due from Trust Fund	10,041	9,771
TOTAL FINANCIAL ASSETS	56,972	60,064
LIABILITIES		
Due to Township	1,846	2,774
NET FINANCIAL ASSETS	55,126	57,290
ACCUMULATED SURPLUS (note 2)	55,126	57,290

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

ALGONQUIN HIGHLANDS CEMETERY BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2010

	Actual 2010 \$	Actual 2009 \$
REVENUES		
Township contribution	1,500	2,000
Opening, closing and staking fees	5,936	6,842
Interment rights	3,000	300
Transfer from Trust Funds	2,320	2,681
Investment income	315	360
TOTAL REVENUES	13,071	12,183
EXPENSES		
Grounds maintenance	15,235	16,455
ANNUAL DEFICIT	(2,164)	(4,272)
ACCUMULATED SURPLUS - beginning of year	57,290	61,562
ACCUMULATED SURPLUS - end of year	55,126	57,290

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

ALGONQUIN HIGHLANDS CEMETERY BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2010

	Actual 2010 \$	Actual 2009 \$
ANNUAL DEFICIT	(2,164)	(4,272)
NET FINANCIAL ASSETS - beginning of year	57,290	61,562
NET FINANCIAL ASSETS - end of year	55,126	57,290

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

ALGONQUIN HIGHLANDS CEMETERY BOARD

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2010

	2010 \$	2009 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual deficit	(2,164)	(4,272)
Increase in due from Trust Fund	(270)	(202)
Increase/(decrease) in due to Township	(928)	349
Net decrease in cash from operating transactions	(3,362)	(4,125)
DECREASE IN CASH	(3,362)	(4,125)
CASH - beginning of year	50,293	54,418
CASH - end of year	46,931	50,293

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

ALGONQUIN HIGHLANDS CEMETERY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Reporting Entity

The Cemetery Board of the Corporation of the Township of Algonquin Highlands administers the following cemeteries:

- Maple Lake United Cemetery
- Zion United Cemetery
- St. Stephen's Anglican Cemetery
- St. Peter's Anglican Cemetery

(b) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Board's best information and judgment. Actual results could differ from these estimates.

(d) Financial Instruments

The Board's financial instruments consist of cash, due from Trust Funds and due to Township. It is management's opinion that the fair value of financial instruments are not materially different from their carrying value unless otherwise noted. The Board does not have any significant concentration of credit, currency or interest rate risk.

(e) 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 Board has no significant capital assets.

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

ALGONQUIN HIGHLANDS CEMETERY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2010

2. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2010	2009
	\$	\$
Surplus		
Maple Lake United Cemetery	28,031	28,896
Zion United Cemetery	910	681
St. Stephen's Anglican Cemetery	1,993	4,362
St. Peter's Anglican Cemetery	24,192	23,351
	<hr/>	<hr/>
	55,126	57,290

3. TRUST FUNDS

Trust funds administered by the Board amounting to \$86,770 (2009 - \$83,520) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Board for the benefit of others, they are not presented as part of the Board's financial position or operations.

INDEPENDENT AUDITORS' REPORT

**To the Members of the Algonquin Highlands Cemetery Board, the
Members of Council, Inhabitants and Ratepayers of the
Corporation of the Township of Algonquin Highlands**

Report on the Financial Statements

We have audited the accompanying financial statements of the Algonquin Highlands Cemetery Board Trust Funds of the Corporation of the Township of Algonquin Highlands, which comprise the statement of financial position as at December 31, 2010, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Algonquin Highlands Cemetery Board as at December 31, 2010 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
September 22, 2011

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

ALGONQUIN HIGHLANDS CEMETERY BOARD TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2010

	Maple Lake United Cemetery \$	Zion United Cemetery \$	St. Stephen's Anglican Cemetery \$	St. Peter's Anglican Cemetery \$	Monument Care \$	2010 Total \$	2009 Total \$
FINANCIAL ASSETS							
Cash	-	4,397	13,531	-	26,009	43,937	42,508
Investments (note 2)	29,845	3,246	-	19,783	-	52,874	50,783
	29,845	7,643	13,531	19,783	26,009	96,811	93,291
LIABILITIES AND TRUST FUND BALANCES							
CURRENT LIABILITIES							
Due to (from) Cemetery Board	1,015	947	1,931	(200)	6,348	10,041	9,771
FUND BALANCES	28,830	6,696	11,600	19,983	19,661	86,770	83,520
	29,845	7,643	13,531	19,783	26,009	96,811	93,291

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

ALGONQUIN HIGHLANDS CEMETERY BOARD

TRUST FUNDS

STATEMENT OF CONTINUITY

For the Year Ended December 31, 2010

	Maple Lake United Cemetery \$	Zion United Cemetery \$	St. Stephen's Anglican Cemetery \$	St. Peter's Anglican Cemetery \$	Monument Care \$	2010 Total \$	2009 Total \$
BALANCE - beginning of year	27,630	6,696	11,600	19,183	18,411	83,520	82,470
RECEIPTS							
Investment income	1,340	1	71	1,026	128	2,566	2,681
Perpetual care receipts	1,200	-	-	800	1,250	3,250	1,050
	2,540	1	71	1,826	1,378	5,816	3,731
EXPENSES							
Transfer to Cemetery operations	1,094	1	71	1,026	128	2,320	2,681
Investment fees	246	-	-	-	-	246	-
	1,340	1	71	1,026	128	2,566	2,681
BALANCE - end of year	28,830	6,696	11,600	19,983	19,661	86,770	83,520

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

ALGONQUIN HIGHLANDS CEMETERY BOARD TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses 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.

(b) Financial Instruments

The Trust Funds financial instruments consist of cash, investments and due to (from) Cemetery Board. It is management's opinion that the fair value of the financial instruments are not materially different from their carrying value unless otherwise noted. The Trust Funds do not have any significant concentration of credit, currency or interest rate risk.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Board's best information and judgment. Actual results could differ from these estimates.

2. INVESTMENTS

Perpetual Care investments, recorded at cost, consist of the following:

	Market Value \$	2010 \$	2009 \$
Units held by the Anglican Diocese of Toronto for:			
St. Peter's Anglican Cemetery	29,925	19,783	19,183
Scotiabank bond fund for:			
Maple Lake United Cemetery	29,632	29,845	28,375
Guaranteed Investment Certificates bearing interest at rates from 2.85% to 4% and maturing between February 16, 2011 and November 18, 2011 for:			
Zion United Cemetery	3,255	3,246	3,225
	62,812	52,874	50,783

CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

ALGONQUIN HIGHLANDS CEMETERY BOARD TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2010

3. CEMETERY PERPETUAL CARE

The Perpetual Care Fund administered by the Board is funded by the sale of cemetery plots. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to the Board's cemeteries. The operations and investments of the Fund are undertaken by the Board in accordance with the regulations of the Cemeteries Act.