

**CORPORATION OF THE TOWNSHIP OF  
ALGONQUIN HIGHLANDS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

**CORPORATION OF THE TOWNSHIP OF  
ALGONQUIN HIGHLANDS**

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**DECEMBER 31, 2011**

**TABLE OF CONTENTS**

	Page Number
<b>MANAGEMENT REPORT</b>	
<b>INDEPENDENT AUDITORS' REPORT</b>	
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net financial assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 14
Schedule of Tangible Capital Assets	15
Schedules of Segment Disclosure	16 - 17
<b>TRUST FUNDS</b>	
Independent Auditors' Report	18
Statement of Financial Position	19
Statement of Continuity	20
Notes to the Financial Statements	21 - 22
<b>LOCAL BOARDS</b>	
Algonquin Highlands Cemetery Board	23 - 35



## CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

For The Year Ended December 31, 2011

### 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.

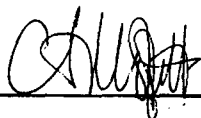
The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted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

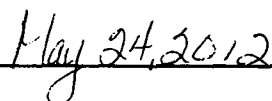
Council reviews and approves the Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Algonquin Highlands. Council meets periodically with management, as well as the external auditors, to discuss internal controls over 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 independent auditors' 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.

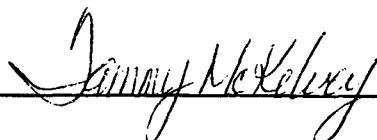
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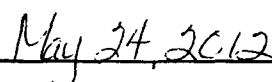
Date



Treasurer



Date



## **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, 2011, 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, 2011 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  
May 17, 2012

# CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2011

	2011 \$	2010 \$
<b>FINANCIAL ASSETS</b>		
Cash	2,703,046	1,011,508
Accounts receivable	251,685	805,448
Taxes and grants in lieu receivable	1,085,696	1,650,189
<b>TOTAL FINANCIAL ASSETS</b>	<b>4,040,427</b>	<b>3,467,145</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	655,492	619,309
Deferred revenue - obligatory reserve funds (note 3)	310,542	251,084
Deferred revenue - other	19,450	15,000
Long term debt (note 4)	462,650	1,100,321
Landfill closure and post-closure liability (note 8)	1,476,530	573,759
<b>TOTAL LIABILITIES</b>	<b>2,924,664</b>	<b>2,559,473</b>
<b>NET FINANCIAL ASSETS</b>	<b>1,115,763</b>	<b>907,672</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 5)	8,993,984	9,619,493
Prepaid expenses	1,615	226
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>8,995,599</b>	<b>9,619,719</b>
<b>ACCUMULATED SURPLUS (note 6)</b>	<b>10,111,362</b>	<b>10,527,391</b>

*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, 2011

	Budget 2011 \$	Actual 2011 \$	Actual 2010 \$
<b>REVENUES</b>			
Property taxation	3,697,013	3,704,440	3,364,700
User charges	942,622	1,025,363	965,861
Government of Canada	610,582	4,568	254,686
Province of Ontario	1,305,100	700,411	1,114,740
Other municipalities	138,250	140,676	120,421
Penalties and interest on taxes	170,000	182,358	200,008
Investment income	8,000	28,068	10,097
Donations and fundraising	29,000	44,220	20,997
Parkland fees earned	10,000	10,000	-
<b>TOTAL REVENUES</b>	<b>6,910,567</b>	<b>5,840,104</b>	<b>6,051,510</b>
<b>EXPENSES</b>			
General government	809,156	792,967	948,028
Protection services	1,275,709	1,176,786	1,002,518
Transportation services	1,930,433	1,952,667	1,995,168
Environmental services	660,795	1,479,471	531,558
Health services	8,190	18,562	45,914
Recreation and cultural services	829,097	744,220	792,081
Planning and development	68,063	91,460	90,221
<b>TOTAL EXPENSES</b>	<b>5,581,443</b>	<b>6,256,133</b>	<b>5,405,488</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b>1,329,124</b>	<b>(416,029)</b>	<b>646,022</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>	<b>10,527,391</b>	<b>10,527,391</b>	<b>9,881,369</b>
<b>ACCUMULATED SURPLUS - end of year</b>	<b>11,856,515</b>	<b>10,111,362</b>	<b>10,527,391</b>

*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, 2011

	Budget 2011 \$	Actual 2011 \$	Actual 2010 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	1,329,124	(416,029)	646,022
Amortization of tangible capital assets	847,596	838,885	847,595
Acquisition of tangible capital assets	(2,294,880)	(411,246)	(2,407,541)
Loss (gain) on disposal of tangible capital assets	(280,000)	(88,676)	4,570
Proceeds on sale of tangible capital assets	280,000	286,546	-
Increase in prepaid expenses	-	(1,389)	(226)
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	(118,160)	208,091	(909,580)
<b>NET FINANCIAL ASSETS - beginning of year</b>	907,672	907,672	1,817,252
<b>NET FINANCIAL ASSETS - end of year</b>	789,512	1,115,763	907,672

*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, 2011

	2011	2010
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual surplus/(deficit)	(416,029)	646,022
(Increase)/decrease in accounts receivable	553,763	(254,572)
(Increase)/decrease in taxes and grants in lieu receivable	564,493	(72,365)
Increase in prepaid expenses	(1,389)	(226)
Increase in accounts payable and accrued liabilities	36,183	59,257
Increase in deferred revenue - obligatory reserve funds	59,458	69,690
Increase/(decrease) in deferred revenue - other	4,450	(3,750)
Non-cash charges to operations		
Amortization of tangible capital assets	838,885	847,595
Loss/(gain) on disposal of tangible capital assets	(88,676)	4,570
Increase/(decrease) in landfill closure and post-closure liability	902,771	(69,741)
<b>Net increase in cash from operating transactions</b>	<b>2,453,909</b>	<b>1,226,480</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(411,246)	(2,407,541)
Proceeds on disposal of tangible capital assets	286,546	-
<b>Net decrease in cash from capital transactions</b>	<b>(124,700)</b>	<b>(2,407,541)</b>
<b>FINANCING</b>		
Long term debt issued	487,000	-
Debt principal repayments	(24,350)	(25,000)
Line of credit advances/(repayments)	(1,100,321)	1,100,321
<b>Net increase/(decrease) in cash from financing transactions</b>	<b>(637,671)</b>	<b>1,075,321</b>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>1,691,538</b>	<b>(105,740)</b>
<b>CASH - beginning of year</b>	<b>1,011,508</b>	<b>1,117,248</b>
<b>CASH - end of year</b>	<b>2,703,046</b>	<b>1,011,508</b>

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, 2011

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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
Roadways 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, 2011

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### 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, 2011

### 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 allowance for doubtful accounts receivable is based on management's estimate of future payments on current accounts receivable 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 2011, 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	3,216,316	2,524,804

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, 2011

### 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:

	2011 \$	2010 \$
Parkland	123,640	126,253
Gas tax revenues	186,902	124,831
	310,542	251,084

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

	2011 \$	2010 \$
Balance - beginning of year	251,084	181,394
Add amounts received:		
Parkland fees	6,350	7,800
Federal gas tax	60,614	60,804
Interest income	2,494	1,086
	69,458	69,690
Less transfer to operations:		
Parkland fees earned	10,000	-
Balance - end of year	310,542	251,084

# CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2011

### 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:

	2011 \$	2010 \$
Debenture issued to Ontario Infrastructure Projects Corporation, repayable in semi-annual instalments of \$24,350 plus interest at 3.73% per annum, due May 3, 2021.	462,650	-
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%, repaid in 2011.	-	614,515
	462,650	1,100,321

- (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 \$22,243 (2010 - \$19,325).

- (d) Principal repayments for the long term debt reported in (a) of this note are as follows:

	Principal \$	Interest \$	Total \$
2012	48,700	16,846	65,546
2013	48,700	15,062	63,762
2014	48,700	13,126	61,826
2015	48,700	11,322	60,022
2016	48,700	9,560	58,260
	243,500	65,916	309,416
2017 and subsequent years	219,150	20,437	239,587
	462,650	86,353	549,003

# CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2011

### 5. TANGIBLE CAPITAL ASSETS

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

	2011	2010
	\$	\$
General		
Land and land improvements	1,557,251	1,773,053
Buildings	1,078,491	1,085,655
Machinery and equipment	328,531	329,034
Vehicles	1,513,954	1,516,145
Infrastructure		
Roads and bridges	2,912,778	3,405,675
Lagoon	126,775	130,201
	7,517,780	8,239,763
Assets under construction	1,476,204	1,379,730
	8,993,984	9,619,493

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

During the year there were no write-downs of assets (2010 - \$Nil) and no interest capitalized (2010 - \$Nil).

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

	2011	2010
	\$	\$
General government	750,794	958,948
Protection services	1,325,291	1,414,983
Transportation services	5,866,685	6,218,056
Environmental services	279,018	278,559
Recreation and cultural services	753,148	745,194
Planning and development	19,048	3,753
	8,993,984	9,619,493

# CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2011

### 6. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2011	2010
	\$	\$
<b>Surplus/(Deficit)</b>		
Unfunded landfill closure and post-closure costs	(1,476,530)	(573,759)
Algonquin Highlands Cemetery Board	59,015	55,126
	(1,417,515)	(518,633)
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	8,993,984	9,619,493
Long term debt	(462,650)	(1,100,321)
Unexpended (unfunded) capital	-	157,717
	8,531,334	8,676,889
<b>Surplus</b>	7,113,819	8,158,256
<b>Reserves</b>		
Working funds	672,310	745,261
Acquisition of capital assets	1,690,779	1,225,825
Recreation and cultural programs and facilities	214,815	167,549
911 and emergency services	44,500	29,500
Log chute renovations	12,492	6,000
Airport development	362,647	-
Debt retirement	-	195,000
<b>Total Reserves</b>	2,997,543	2,369,135
	10,111,362	10,527,391

### 7. 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 plus 0.50% per annum. Council authorized the temporary borrowing limit by By-law 11-01. At December 31, 2011 there was a balance outstanding of \$Nil.

# CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2011

### 8. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The liability for landfill closure and post-closure costs of \$1,476,530 (2010 - \$573,759) 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 46,219 m<sup>3</sup> (2010 - 50,100 m<sup>3</sup>) which is 24.4% (2010 - 29.5%) of the sites' total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$1,770,120 (2010 - \$733,455) as at December 31, 2011. The landfill sites are expected to reach their capacity between 2013 and 2126.

The Township has a waste management reserve of \$803,297 (2010 - \$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.

### 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 2011 were \$101,528 (2010 - \$84,174).

### 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 2011 \$	Actual 2011 \$	Actual 2010 \$
Salaries and benefits	2,181,630	2,151,399	2,126,754
Interest charges	10,000	22,243	19,325
Materials	1,741,045	2,304,527	1,345,891
Contracted services	832,722	805,989	812,853
Rents and financial	245,650	218,966	244,500
External transfers	2,800	2,800	4,000
Amortization	847,596	838,885	847,595
Loss (gain) on disposal of tangible capital assets	(280,000)	(88,676)	4,570
	5,581,443	6,256,133	5,405,488



# CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2011

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### 11. TRUST FUNDS

Trust funds administered by the Township amounting to \$93,322 (2010 - \$91,287) 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 2011 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.

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.

# **CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2011**

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### **13. SEGMENTED INFORMATION, continued**

#### **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. COMMITMENTS**

In 2010 the Township entered into a contract related to the Airport Development Project in the amount of \$2,266,000. As at December 31, 2011, \$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.

The Township has entered into a four year service agreement for surface and groundwater monitoring and reporting for its landfill sites. Three years are remaining on this agreement which has annual costs of \$97,760 per year.

### **16. COMPARATIVE FIGURES**

Certain comparative figures were restated, where required, to conform with the current year presentation.

# CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2011

	General				Infrastructure		Assets Under Construction	Totals
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Lagoon		
	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>								
Balance, beginning of year	1,791,719	2,145,702	578,822	3,822,264	10,072,474	137,053	1,379,730	19,927,764
Add: additions during the year	-	47,146	45,518	222,108	-	-	96,474	411,246
Less: disposals during the year	197,870	-	-	100,000	-	-	-	297,870
Balance, end of year	1,593,849	2,192,848	624,340	3,944,372	10,072,474	137,053	1,476,204	20,041,140
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	18,666	1,060,047	249,788	2,306,119	6,666,799	6,852	-	10,308,271
Add: additions during the year	17,932	54,310	46,021	224,299	492,897	3,426	-	838,885
Less: disposals during the year	-	-	-	100,000	-	-	-	100,000
Balance, end of year	36,598	1,114,357	295,809	2,430,418	7,159,696	10,278	-	11,047,156
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>1,557,251</b>	<b>1,078,491</b>	<b>328,531</b>	<b>1,513,954</b>	<b>2,912,778</b>	<b>126,775</b>	<b>1,476,204</b>	<b>8,993,984</b>

# CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2011

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	626,297	1,096,373	978,112	527,804	18,190	414,697	42,967	3,704,440
User charges	8,741	150,734	235,913	225,532	15,540	319,016	69,887	1,025,363
Government transfers - operating	-	3,300	689,100	-	-	12,068	-	704,468
Government transfers - capital	-	(1,441)	-	160	-	1,792	-	511
Other municipalities	-	17,855	104,516	-	-	18,305	-	140,676
Penalties and interest on taxes	182,358	-	-	-	-	-	-	182,358
Investment income	23,757	-	-	-	4,311	-	-	28,068
Donations and fundraising	-	3,375	-	-	-	40,845	-	44,220
Parkland fees earned	-	-	-	-	-	10,000	-	10,000
<b>Total revenues</b>	<b>841,153</b>	<b>1,270,196</b>	<b>2,007,641</b>	<b>753,496</b>	<b>38,041</b>	<b>816,723</b>	<b>112,854</b>	<b>5,840,104</b>
<b>Expenses</b>								
Salaries and benefits	549,216	379,518	628,020	115,564	15,332	399,408	64,341	2,151,399
Interest charges	-	13,901	8,342	-	-	-	-	22,243
Materials	214,326	344,998	403,011	1,063,667	(1,185)	268,054	11,656	2,304,527
Contracted services	16,339	324,285	192,933	256,203	-	6,635	9,594	805,989
Rents and financial	-	-	154,024	32,295	4,415	28,232	-	218,966
External transfers	2,800	-	-	-	-	-	-	2,800
Amortization	10,286	114,084	655,013	11,742	-	41,891	5,869	838,885
Loss (gain) on disposal of tangible capital assets	-	-	(88,676)	-	-	-	-	(88,676)
<b>Total expenses</b>	<b>792,967</b>	<b>1,176,786</b>	<b>1,952,667</b>	<b>1,479,471</b>	<b>18,562</b>	<b>744,220</b>	<b>91,460</b>	<b>6,256,133</b>
<b>Net surplus/(deficit)</b>	<b>48,186</b>	<b>93,410</b>	<b>54,974</b>	<b>(725,975)</b>	<b>19,479</b>	<b>72,503</b>	<b>21,394</b>	<b>(416,029)</b>

# 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 \$
<b>Revenues</b>								
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
<b>Total revenues</b>	<b>719,452</b>	<b>1,082,048</b>	<b>2,399,379</b>	<b>723,848</b>	<b>76,646</b>	<b>986,545</b>	<b>63,592</b>	<b>6,051,510</b>
<b>Expenses</b>								
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
<b>Total expenses</b>	<b>948,028</b>	<b>1,002,518</b>	<b>1,995,168</b>	<b>531,558</b>	<b>45,914</b>	<b>792,081</b>	<b>90,221</b>	<b>5,405,488</b>
<b>Net surplus/(deficit)</b>	<b>(228,576)</b>	<b>79,530</b>	<b>404,211</b>	<b>192,290</b>	<b>30,732</b>	<b>194,464</b>	<b>(26,629)</b>	<b>646,022</b>

**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, 2011, 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, 2011 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 AccountantsPeterborough, Ontario  
May 17, 2012

# CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

## TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2011

	Cemetery Trust \$	Ontario Home Renewal Program \$	2011 Total \$	2010 Total \$
<b>FINANCIAL ASSETS</b>				
Cash	46,755	3,627	50,382	47,509
Investments (note 2)	55,457	-	55,457	52,874
Loans receivable	-	1,136	1,136	1,136
	102,212	4,763	106,975	101,519
<b>LIABILITIES AND TRUST FUND BALANCES</b>				
<b>CURRENT LIABILITIES</b>				
Due to Cemetery Board	10,026	-	10,026	10,041
Due to Township	-	381	381	191
Due to Province of Ontario	-	3,246	3,246	-
	10,026	3,627	13,653	10,232
<b>FUND BALANCES</b>	92,186	1,136	93,322	91,287
	102,212	4,763	106,975	101,519

*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, 2011

	Cemetery Trust \$	Ontario Home Renewal Program \$	2011 Total \$	2010 Total \$
<b>BALANCE - beginning of year</b>	86,770	4,517	91,287	88,037
<b>RECEIPTS</b>				
Investment income	2,720	55	2,775	2,568
Perpetual care receipts	5,050	-	5,050	3,250
Capital dividends	366	-	366	-
	8,136	55	8,191	5,818
<b>EXPENSES</b>				
Administration	-	190	190	2
Transfer to Cemetery Board	2,457	-	2,457	2,320
Investment fees	263	-	263	246
Transfer to Province of Ontario	-	3,246	3,246	-
	2,720	3,436	6,156	2,568
<b>BALANCE - end of year</b>	92,186	1,136	93,322	91,287

*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, 2011

### 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, due to Township and due to Province. 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	2011	2010
	\$	\$	\$
Units held by the Anglican Diocese of Toronto for:			
St. Peter's Anglican Cemetery	29,802	21,983	19,783
Scotiabank bond fund for:			
Maple Lake United Cemetery	32,036	30,208	29,845
Guaranteed Investment Certificates bearing interest at rates from 0.75% to 1.4% and maturing between February 16, 2012 and November 18, 2014 for Zion United Cemetery	3,266	3,266	3,246
	65,104	55,457	52,874

# **CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS**

## **TRUST FUNDS**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2011**

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#### **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, 2011 are comprised of repayable loans of \$1,136 (2010 - \$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, 2011**

**INDEPENDENT AUDITORS' REPORT**[www.collinsbarrowkawarthas.com](http://www.collinsbarrowkawarthas.com)**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, 2011, 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, 2011 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  
May 17, 2012

# CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

## ALGONQUIN HIGHLANDS CEMETERY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2011

	2011	2010
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	53,617	46,931
Due from Trust Fund	10,026	10,041
<b>TOTAL FINANCIAL ASSETS</b>	<b>63,643</b>	<b>56,972</b>
<b>LIABILITIES</b>		
Due to Township	4,628	1,846
<b>NET FINANCIAL ASSETS</b>	<b>59,015</b>	<b>55,126</b>
<b>ACCUMULATED SURPLUS (note 2)</b>	<b>59,015</b>	<b>55,126</b>

*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, 2011

	Actual 2011 \$	Actual 2010 \$
<b>REVENUES</b>		
Township contribution	1,500	1,500
Opening, closing and staking fees	9,825	5,936
Interment rights	5,715	3,000
Transfer from Trust Funds	2,457	2,320
Investment income	984	315
<b>TOTAL REVENUES</b>	<b>20,481</b>	<b>13,071</b>
<b>EXPENSES</b>		
Grounds maintenance	16,592	15,235
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b>3,889</b>	<b>(2,164)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>	<b>55,126</b>	<b>57,290</b>
<b>ACCUMULATED SURPLUS - end of year</b>	<b>59,015</b>	<b>55,126</b>

*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, 2011

	Actual 2011 \$	Actual 2010 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	3,889	(2,164)
<b>NET FINANCIAL ASSETS - beginning of year</b>	55,126	57,290
<b>NET FINANCIAL ASSETS - end of year</b>	59,015	55,126

*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, 2011

	2011	2010
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual surplus/(deficit)	3,889	(2,164)
(Increase)/decrease in due from Trust Fund	15	(270)
Increase/(decrease) in due to Township	2,782	(928)
<u>Net increase/(decrease) in cash from operating transactions</u>	<u>6,686</u>	<u>(3,362)</u>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>6,686</b>	<b>(3,362)</b>
<b>CASH - beginning of year</b>	<b>46,931</b>	<b>50,293</b>
<b>CASH - end of year</b>	<b>53,617</b>	<b>46,931</b>

*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, 2011

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### 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 tangible capital assets.

# CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

## ALGONQUIN HIGHLANDS CEMETERY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2011

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### 2. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2011	2010
	\$	\$
<b>Surplus</b>		
Maple Lake United Cemetery	27,476	28,031
Zion United Cemetery	1,838	910
St. Stephen's Anglican Cemetery	3,056	1,993
St. Peter's Anglican Cemetery	26,645	24,192
	<b>59,015</b>	<b>55,126</b>

### 3. TRUST FUNDS

Trust funds administered by the Board amounting to \$92,186 (2010 - \$86,770) 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**[www.collinsbarrowkawarthas.com](http://www.collinsbarrowkawarthas.com)**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, 2011, 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, 2011 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 AccountantsPeterborough, Ontario  
May 17, 2012

# CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

## ALGONQUIN HIGHLANDS CEMETERY BOARD

### TRUST FUNDS

### STATEMENT OF FINANCIAL POSITION

At December 31, 2011

	Maple Lake United Cemetery \$	Zion United Cemetery \$	St. Stephen's Anglican Cemetery \$	St. Peter's Anglican Cemetery \$	Monument Care \$	2011 Total \$	2010 Total \$
<b>FINANCIAL ASSETS</b>							
Cash	1,603	4,573	14,267	-	26,312	46,755	43,937
Investments (note 2)	30,207	3,267	-	21,983	-	55,457	52,874
	31,810	7,840	14,267	21,983	26,312	102,212	96,811
<b>LIABILITIES AND TRUST FUND BALANCES</b>							
<b>CURRENT LIABILITIES</b>							
Due to Cemetery Board	1,014	944	2,067	200	5,801	10,026	10,041
<b>FUND BALANCES</b>	30,796	6,896	12,200	21,783	20,511	92,186	86,770
	31,810	7,840	14,267	21,983	26,312	102,212	96,811

*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, 2011

	Maple Lake United Cemetery \$	Zion United Cemetery \$	St. Stephen's Anglican Cemetery \$	St. Peter's Anglican Cemetery \$	Monument Care \$	2011 Total \$	2010 Total \$
<b>BALANCE - beginning of year</b>	28,830	6,696	11,600	19,983	19,661	86,770	83,520
<b>RECEIPTS</b>							
Investment income	1,036	1	136	1,295	252	2,720	2,566
Perpetual care receipts	1,600	200	600	1,800	850	5,050	3,250
Capital dividend	366	-	-	-	-	366	-
	3,002	201	736	3,095	1,102	8,136	5,816
<b>EXPENSES</b>							
Transfer to Cemetery current fund	773	1	136	1,295	252	2,457	2,320
Investment fees	263	-	-	-	-	263	246
	1,036	1	136	1,295	252	2,720	2,566
<b>BALANCE - end of year</b>	30,796	6,896	12,200	21,783	20,511	92,186	86,770

*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, 2011

### 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 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 \$	2011 \$	2010 \$
Units held by the Anglican Diocese of Toronto for:			
St. Peter's Anglican Cemetery	29,802	21,983	19,783
Scotiastore bond fund for:			
Maple Lake United Cemetery	32,036	30,208	29,845
Guaranteed Investment Certificates bearing interest at rates from 0.75% to 1.4% and maturing between February 16, 2012 and November 18, 2014 for Zion United Cemetery	3,266	3,266	3,246
	65,104	55,457	52,874

# **CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS**

## **ALGONQUIN HIGHLANDS CEMETERY BOARD TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2011**

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### **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.