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**TOWNSHIP OF SOUTH STORMONT**

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**FINANCIAL REPORT**

**December 31, 2009**

# TOWNSHIP OF SOUTH STORMONT

December 31, 2009

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**Craig  
Keen  
Despatie  
Markell  
LLP**

**AUDITORS' REPORT**

To the Members of Council, Inhabitants and Ratepayers of  
the Township of South Stormont

We have audited the consolidated statement of financial position of the Township of South Stormont as at December 31, 2009, and the consolidated statements of financial activities change in net financial liabilities and cash flows for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Township of South Stormont as at December 31, 2009 and the results of its operations and changes in its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

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Cornwall, Ontario  
July 6, 2010

**Craig Keen Despatie Markell LLP**



**CHARTERED ACCOUNTANTS**  
Licensed Public Accountants



**TOWNSHIP OF SOUTH STORMONT**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at December 31, 2009

	2009	2008
<b>NET FINANCIAL LIABILITIES</b>		
<b>Assets</b>		
Cash	\$ 1,504,832	\$ 4,664,772
Taxes receivable	1,498,337	1,727,351
Accounts receivable	1,206,806	1,078,310
Other assets	263,240	-
	4,473,215	7,470,433
<b>Liabilities</b>		
Accounts payable	2,658,215	1,496,810
Accrued interest on municipal debt	75,871	78,023
Deferred revenue - obligatory reserve funds (Note 3)	233,989	142,331
Retirement benefits payable (Note 4)	43,560	43,560
Net municipal debt (Note 5)	7,253,255	7,542,630
Accrued landfill closure and post closure costs (Note 6)	590,625	568,750
	10,855,515	9,872,104
<b>Net Financial Liabilities</b>	<b>(6,382,300)</b>	<b>(2,401,671)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets	52,979,619	48,800,174
Inventory	88,742	65,563
	53,068,361	48,865,737
<b>Accumulated Surplus</b>	<b>\$ 46,686,061</b>	<b>\$ 46,464,066</b>

See Accompanying Notes

**TOWNSHIP OF SOUTH STORMONT**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

For the year ended December 31, 2009

	BUDGET 2009	ACTUAL 2009	ACTUAL 2008
<b>REVENUE</b>			
Taxation (Note 1(a)(iii))	\$ 3,433,944	\$ 3,775,179	\$ 3,640,388
Taxation from other governments	463,030	461,095	459,491
Fees and service charges	3,346,857	3,495,967	2,994,507
Government of Canada	998	998	-
Province of Ontario	3,515,577	2,144,362	4,274,431
Other municipalities	7,002	7,002	7,002
Investment income	368,378	298,681	409,297
Gain (loss) on sale of tangible capital assets	-	45,712	(4,729)
Donations	-	-	500
	<b>11,135,786</b>	<b>10,228,996</b>	<b>11,780,887</b>
<b>EXPENDITURE</b>			
General government	\$ 770,506	\$ 788,268	\$ 806,240
Protection to persons and property	660,277	872,943	751,546
Transportation services	1,679,823	2,621,445	2,934,896
Environmental services	2,685,254	4,087,293	3,893,051
Social and family services	3,647	10,836	13,014
Recreation and cultural services	947,477	1,211,449	1,022,073
Planning and development	306,783	414,767	286,491
	<b>7,053,767</b>	<b>10,007,001</b>	<b>9,707,311</b>
<b>ANNUAL SURPLUS</b>	<b>4,082,019</b>	<b>221,995</b>	<b>2,073,576</b>
<b>ACCUMULATED SURPLUS, beginning of year</b>	<b>46,464,066</b>	<b>46,464,066</b>	<b>44,390,490</b>
<b>ACCUMULATED SURPLUS, end of year</b>	<b>\$ 50,546,085</b>	<b>\$ 46,686,061</b>	<b>\$ 46,464,066</b>

See Accompanying Notes

**TOWNSHIP OF SOUTH STORMONT**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL**  
**LIABILITIES**

For the year ended December 31, 2009

	BUDGET 2009	ACTUAL 2009	ACTUAL 2008
Annual surplus	\$ 4,082,019	\$ 221,995	\$ 2,073,576
Amortization of tangible assets	-	2,455,566	2,346,147
Acquisition of tangible capital assets	-	(7,218,069)	(3,554,384)
Proceeds on sale of tangible capital assets	-	293,500	-
(Gain) loss on disposal of tangible capital assets	-	(45,712)	4,729
Transfers of capital assets from WIP to tangible capital assets	-	335,269	152,211
Change in inventory	-	(23,178)	7,119
(Decrease) increase in net financial liabilities	-	(3,980,629)	1,029,398
Net financial liabilities, beginning of year	(2,401,671)	(2,401,671)	(3,431,069)
Net financial liabilities, end of year	\$ (2,401,671)	\$ (6,382,300)	\$ (2,401,671)

See Accompanying Notes

**TOWNSHIP OF SOUTH STORMONT**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended December 31, 2009

	2009	2008
<b>CASH FROM OPERATING ACTIVITIES</b>		
Net surplus for the year	\$ 221,995	\$ 2,073,576
Items not affecting cash or equivalent		
Amortization expense	2,455,566	2,346,147
(Gain) loss on disposal	(45,712)	4,729
Changes in non-cash working capital balances		
Taxes receivable	229,013	(52,466)
Accounts receivable	(128,494)	2,148,017
Other assets	(263,240)	-
Inventory	(23,179)	7,119
Accounts payable	1,161,405	(776,876)
Accrued interest on municipal debt	(2,152)	(2,086)
Deferred revenue - obligatory reserve funds	91,658	37,778
Retirement benefits payable	-	2,781
Accrued landfill closure and post closure costs	21,875	21,875
	<b>3,718,735</b>	<b>5,810,594</b>
<b>CASH USED IN FINANCING ACTIVITIES</b>		
Repayment in municipal debt	(358,285)	(320,361)
Proceeds from the issue of municipal debt	68,910	219,847
	<b>(289,375)</b>	<b>(100,514)</b>
<b>CASH USED IN INVESTING ACTIVITIES</b>		
Proceeds on disposal of capital assets	293,500	-
Acquisition of tangible capital assets	(7,218,069)	(3,554,318)
Transfer of WIP to tangible capital assets	335,269	152,111
	<b>(6,589,300)</b>	<b>(3,402,207)</b>
<b>(DECREASE) INCREASE IN CASH AND EQUIVALENT</b>	<b>(3,159,940)</b>	<b>2,307,873</b>
<b>CASH AND EQUIVALENT, beginning of year</b>	<b>4,664,772</b>	<b>2,356,899</b>
<b>CASH AND EQUIVALENT, end of year</b>	<b>\$ 1,504,832</b>	<b>\$ 4,664,772</b>
<b>REPRESENTED BY :</b>		
Cash	<b>\$ 1,504,832</b>	<b>\$ 4,664,772</b>

See Accompanying Notes

TOWNSHIP OF SOUTH STORMONT

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2009

	Land and Land Improvements	Buildings	Vehicles	Equipment	Plants and Facilities	Roads	Water and Sewer	Bridges	WIP	2009	2008
<b>Cost</b>											
Balance, beginning of year	\$ 2,573,396	\$ 4,520,061	\$ 3,941,368	\$ 2,430,330	\$ 27,870,674	\$ 20,918,211	\$ 13,266,182	\$ 3,718,135	\$ 498,813	\$ 79,737,170	\$ 76,771,080
Additions during the year	79,258	93,688	84,110	237,063	61,554	708,507	94,764	1,352,800	4,506,325	7,218,069	3,554,384
Disposals during the year	22,801	155	18,676	212,411	-	513,305	-	74,844	335,269	1,177,461	588,294
<b>Balance, end of year</b>	<b>2,629,853</b>	<b>4,613,594</b>	<b>4,006,802</b>	<b>2,454,982</b>	<b>27,932,228</b>	<b>21,113,413</b>	<b>13,360,946</b>	<b>4,996,091</b>	<b>4,669,869</b>	<b>85,777,778</b>	<b>79,737,170</b>
<b>Accumulated Amortization</b>											
Balance, beginning of year	819,795	2,246,947	1,792,923	1,478,490	11,973,060	9,105,469	2,606,006	914,306	-	30,936,996	29,174,414
Amortization during the year	52,403	142,138	242,283	123,718	1,042,788	598,291	198,896	55,049	-	2,455,566	2,346,147
Amortization on disposals	-	155	18,676	192,523	-	316,079	-	66,970	-	594,403	583,565
<b>Balance, end of year</b>	<b>872,198</b>	<b>2,388,930</b>	<b>2,016,530</b>	<b>1,409,685</b>	<b>13,015,848</b>	<b>9,387,681</b>	<b>2,804,902</b>	<b>902,385</b>	<b>-</b>	<b>32,798,159</b>	<b>30,936,996</b>
<b>Net book value</b>	<b>\$ 1,757,655</b>	<b>\$ 2,224,664</b>	<b>\$ 1,990,272</b>	<b>\$ 1,045,297</b>	<b>\$ 14,916,380</b>	<b>\$ 11,725,732</b>	<b>\$ 10,556,044</b>	<b>\$ 4,093,706</b>	<b>\$ 4,669,869</b>	<b>\$ 52,979,619</b>	<b>\$ 48,800,174</b>

See Accompanying Notes

**TOWNSHIP OF SOUTH STORMONT**  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**

For the year ended December 31, 2009

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Recreation	Planning and Development	2009	2008
<b>Cost</b>								
Balance, beginning of year	\$ 714,504	\$ 3,897,337	\$ 27,883,167	\$ 41,879,945	\$ 4,711,343	\$ 152,061	\$ 79,238,357	\$ 76,608,037
Additions during the year	-	25,233	2,275,450	156,318	165,684	89,059	2,711,744	3,218,614
Disposals during the year	18,247	4,775	764,752	-	49,864	4,554	842,192	588,294
Assets in service, end of year	696,257	3,917,795	29,393,865	42,036,263	4,827,163	236,566	81,107,909	79,238,357
Assets under construction	1,732,569	2,230	54,951	2,406,209	364,533	109,377	4,669,869	498,813
All assets, end of year	2,428,826	3,920,025	29,448,816	44,442,472	5,191,696	345,943	85,777,778	79,737,170
<b>Accumulated Amortization</b>								
Balance, beginning of year	265,875	1,890,394	11,997,853	14,696,116	2,031,657	55,101	30,936,996	29,174,414
Amortization during the year	13,852	166,686	832,491	1,287,123	152,591	2,823	2,455,566	2,346,147
Amortization on disposals	-	3,819	540,720	-	49,864	-	594,403	583,565
Balance, end of year	279,727	2,053,261	12,289,624	15,983,239	2,134,384	57,924	32,798,159	30,936,996
<b>Net book value</b>	<b>\$ 2,149,099</b>	<b>\$ 1,866,764</b>	<b>\$ 1,990,272</b>	<b>\$ 28,459,233</b>	<b>\$ 3,057,312</b>	<b>\$ 288,019</b>	<b>\$ 52,979,619</b>	<b>\$ 48,800,174</b>

See Accompanying Notes

**TOWNSHIP OF SOUTH STORMONT**  
**CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS**

For the year ended December 31, 2009

	2009	2008
<b>Surpluses</b>		
Invested in tangible capital assets	\$ 45,726,364	\$ 41,257,544
Operating deficit	(4,043,666)	(101,974)
Water and sewer deficit	(183,705)	(56,729)
Capital surplus	1,393,264	1,393,265
Unfunded liabilities to be recovered from future revenues		
Accrued interest on municipal debt	(75,871)	(78,023)
Retirement benefits payable	(43,560)	(43,560)
Accrued landfill closure and post closure	(590,625)	(568,750)
<b>Total operating surplus</b>	<b>42,182,201</b>	<b>41,801,773</b>
<b>Reserves and reserve funds</b>		
<b>Reserves set aside for specific purposes by Council:</b>		
. for working capital	137,229	38,325
. for future infrastructure	60,000	160,000
. for elections	43,007	28,882
. for fire	510,431	379,002
. for water and sewer	2,665,613	2,259,329
. for planning/CBO	821	821
. for roads	300,000	200,000
. for recreation	50	50
. for other	249,923	1,064,374
<b>Total reserves</b>	<b>3,967,074</b>	<b>4,130,783</b>
<b>Reserve funds set aside for specific purpose by legislation, regulation or agreement:</b>		
. for water and sewer	454,472	447,501
. for Farran park	39,099	29,098
. for senior support	25,177	37,149
. for recreation	8,186	8,061
. for library	9,437	9,292
. for war memorial	415	409
<b>Total reserve funds</b>	<b>536,786</b>	<b>531,510</b>
<b>Total reserves and reserve funds</b>	<b>4,503,860</b>	<b>4,662,293</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 46,686,061</b>	<b>\$ 46,464,066</b>

See Accompanying Notes

**TOWNSHIP OF SOUTH STORMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Township of South Stormont are the representations of management prepared in accordance with Canadian generally accepted accounting policies prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants, prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

**(a) Basis of Consolidation**

**(i) Consolidated Entities**

These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, and reserve funds and reserves and include the activities of all committees of Council and the following local boards:

There are no local boards.

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of any funds of the municipality which results in consolidated interest income and expenditures during the year.

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

There are no government business enterprises.

**(ii) Non-Consolidated Entities**

There are no non-consolidated entities.

**(iii) Accounting for United Counties and School Board Transactions**

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

(iv) Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the Trust Funds Balance Sheet and Statement of Continuity.

**TOWNSHIP OF SOUTH STORMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(b) Basis of Accounting**

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

(ii) Deferred revenue

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

**(c) Financial Instruments**

(i) Fair value of financial instruments

CICA 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. This standard prescribes when to recognize a financial instrument in the balance sheet and at what amount. Depending on the classification, fair value or cost based measures are used. The standard also prescribes the basis of presentation for gains and losses on financial instruments. Based on financial instrument classification, gains, and losses on financial instruments are recognized in net income or comprehensive income.

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

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

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

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

(ii) Concentration of credit risk

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

**TOWNSHIP OF SOUTH STORMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

**(i) Tangible capital assets**

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

Land improvements	15 years
Buildings	10 to 50 years
Machinery and equipment	10 years
Vehicles	5 to 10 years
Computer hardware and software	5 to 10 years
Water and waste plants and networks	
underground networks	50 to 100 years
sewage treatment plants	50 to 75 years
water pumping stations and reservoirs	50 to 75 years
flood stations and other infrastructure	50 to 75 years
Transportation	
roads	10 to 50 years
bridges and structures	25 to 75 years

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Active landfills are amortized annually based on the remaining estimated useful life. The estimated costs to close and maintain currently active landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are charged to expense as the landfill sites capacity is used.

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

**(ii) Inventory**

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

# TOWNSHIP OF SOUTH STORMONT

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2009

### 2. CHANGE IN SIGNIFICANT ACCOUNTING POLICY

The corporation adopted PSAB section 3150, tangible capital assets, retroactively effective January 1, 2009. The adoption requires that the corporations' tangible capital assets be recorded and presented on the financial statements and amortized over their estimated useful lives. The changes to the 2008 comparative financial statements are as follows:

	January 1, 2008 balance, as originally stated	Adjustments	January 1, 2008 balance, as restated
Tangible capital assets	\$ -	\$ 47,596,666	\$ 47,596,666
Invested in tangible capital assets	-	47,596,666	47,596,666
<hr/>			
	2008 balances, as originally stated	Adjustments	2008 balances, as restated
Acquisition of tangible capital assets	\$ -	\$ 3,554,384	\$ 3,554,384
Capital expenditures	3,860,651	(3,860,651)	-
Operating expenditures	6,742,376	618,788	7,361,164
Amortization of tangible capital assets	-	2,346,147	2,346,147
Changes in amounts to be recovered:			
Municipal debt principal repayments	64,519	(64,519)	-
Accrued landfill closure and post closure costs	(21,875)	21,875	-
Retirement benefits and accrued interest	(695)	695	-

### 3. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of "PSAB" is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds are summarized as follows:

	2009	2008
Parkland	\$ 128,369	\$ 111,708
Federal gas tax rebate	105,620	30,623
	<b>\$ 233,989</b>	<b>\$ 142,331</b>

**TOWNSHIP OF SOUTH STORMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2009

**4. RETIREMENT BENEFITS**

The Township provides employee benefits that will require funding in future periods. Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Township's employment. With respect to responsibilities under the Workplace Safety and Insurance Board Act the Township has elected to be a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. There is no liability recorded in these financial statements with respects to any WSIB liability. The Workplace Safety and Insurance Board has evaluated the estimated liability for future benefits costs and administrative loading to be \$43,560 (2008 - \$43,560).

The Township has no vested sick leave benefits.

**5. MUNICIPAL DEBT**

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

	2009	2008
Total municipal debt at various interest rates ranging from 0% to 5.58% secured by assets, maturity dates ranging from June 2014 to July 2036	\$ 7,731,061	\$ 8,021,530
Of the municipal debt shown above, the responsibility for payment of principal and interest charges for tile drainage loans and debentures has been assumed by individuals	477,806	478,900
<b>Net municipal debt at the end of the year</b>	<b>\$ 7,253,255</b>	<b>\$ 7,542,630</b>
Principal payment assuming the loans are renewed under the same terms and conditions are as follows:		
2010	\$ 448,056	
2011	462,099	
2012	475,007	
2013	483,119	
2014	399,762	
Thereafter	4,985,212	
	<b>\$ 7,253,255</b>	

**TOWNSHIP OF SOUTH STORMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2009

**5. MUNICIPAL DEBT (Continued)**

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

	2010 to 2014	2015 to 2019
General municipal revenues	\$ 512,156	\$ -
Benefiting landowners	1,755,887	4,985,212
	<b>\$ 2,268,043</b>	<b>\$ 4,985,212</b>

(c) All long-term liabilities issued on or before December 31, 1992 have received approval of the Ontario Municipal Board. Long-term liabilities issued on or after January 1, 1993 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.

(d) The municipality is contingently liable for municipal debt with respect to tile drainage. The total amount outstanding as at December 31, 2009 is \$477,806 and is not recorded on the Consolidated Statement of Financial Position.

**6. ACCRUED LANDFILL CLOSURE AND POST CLOSURE LIABILITY**

The Municipality operates two solid waste landfill sites. The estimated remaining useful lives range between twelve and fifteen years. Under "PSAB" the estimated cost of closing the landfill sites and the cost of post closure care must be determined and amortized as a charge to operations over the life of the landfill sites. The total estimated closure and post closure costs for both sites is \$888,000 with \$590,625 (2008 - \$568,750) being accrued at the end of the current fiscal year. During the year \$21,875 (2008 - \$21,875) was amortized and charged to Current Operations - Environment.

**7. LIABILITIES TO BE RECOVERED FROM FUTURE REVENUES**

Unfunded liabilities are to be recovered from future revenues as follows:

	2009	2008
Future taxation revenue	\$ 634,185	\$ 612,310
Local improvement charges	75,871	78,023
	<b>\$ 710,056</b>	<b>\$ 690,333</b>

**TOWNSHIP OF SOUTH STORMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2009

**8. EXPENDITURES BY OBJECT**

Operating expenditures are summarized as follows:

	BUDGET 2009	ACTUAL 2009	ACTUAL 2008
Salaries and benefits	\$ 1,996,271	\$ 2,112,779	\$ 1,946,811
Interest on long-term debt	285,000	284,784	295,105
Materials and services	3,197,253	3,640,957	3,491,310
Contracts and sub-contracts	1,236,443	1,255,431	1,302,533
Rents and financial expenses	247,959	253,604	240,909
Transfers to external parties	90,841	78,832	84,496
Amortization expense	-	2,455,566	2,346,147
	<b>\$ 7,053,767</b>	<b>\$ 10,081,953</b>	<b>\$ 9,707,311</b>

**9. TRUST FUNDS**

Trust funds administered by the municipality amounting to \$58,299 have not been included in the Consolidated Statement of Financial Activities.

**10. PENSION AGREEMENTS**

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

Contributions were required on account of current services in 2009 in the amount of \$105,175.

**11. BUDGET FIGURES**

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