

**Corporation of the Municipality of  
West Nipissing**

**Independent Auditor's Report and  
Financial Report**

**December 31, 2010**

**Corporation of the Municipality of  
West Nipissing**

**Financial Report**

**December 31, 2010**

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## **Independent Auditor's Report**

### **To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of West Nipissing**

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of West Nipissing, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations and accumulated surplus, cash flows, and change in net financial liabilities 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 control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's 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 consolidated financial statements. The procedures selected depend on the auditor's 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 control relevant to the entity's preparation and fair presentation of the consolidated 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 control. 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 consolidated financial statements.

## **Independent Auditor's Report (Continued)**

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

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Municipality of West Nipissing as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow, Sudbury - Nipissing LLP*

Sturgeon Falls, Ontario  
August 9, 2011

CHARTERED ACCOUNTANTS,  
LICENSED PUBLIC ACCOUNTANTS

**Corporation of the Municipality of West Nipissing**  
**Consolidated Statement of Financial Position**  
**December 31, 2010**

|  | <u>2010</u>           | <u>2009</u>           |
|--|-----------------------|-----------------------|
|  |                       | (Restated - note 4)   |
| <b>Financial Assets</b>                    |                       |                       |
| Cash                                       | \$ 4,329,657          | \$ 3,410,717          |
| Taxes receivable                           | 1,438,232             | 1,197,815             |
| Accounts receivable                        | 6,687,417             | 7,217,905             |
| Other current assets                       | 335,935               | 250,827               |
| Investments in subsidiaries (note 5)       | <u>1,295,910</u>      | <u>882,326</u>        |
|  | <u>14,087,151</u>     | <u>12,959,590</u>     |
| <b>Liabilities</b>                         |                       |                       |
| Temporary loans (note 6)                   | \$ -                  | \$ 1,050,000          |
| Accounts payable and accrued liabilities   | 5,947,168             | 5,387,027             |
| Other current liabilities                  | 205,029               | 206,064               |
| Deferred revenue                           | 738,767               | 575,826               |
| Municipal debt (note 7)                    | 16,847,154            | 14,824,178            |
| Employee future benefits payable (note 8)  | 561,534               | 588,799               |
| Landfill closure and post-closure (note 9) | <u>833,918</u>        | <u>772,043</u>        |
|  | <u>25,133,570</u>     | <u>23,403,937</u>     |
| <b>Net Financial Liabilities</b>           | <u>(11,046,419)</u>   | <u>(10,444,347)</u>   |
| <b>Non-financial Assets</b>                |                       |                       |
| Tangible capital assets (note 10)          | 119,832,314           | 112,999,600           |
| Prepaid expenses                           | <u>501,320</u>        | <u>17,109</u>         |
|  | <u>120,333,634</u>    | <u>113,016,709</u>    |
| <b>Accumulated Surplus (note 11)</b>       | <u>\$ 109,287,215</u> | <u>\$ 102,572,362</u> |
| Commitments (note 12)                      |                       |                       |
| Contingencies (note 13)                    |                       |                       |

The accompanying notes are an integral part of these consolidated financial statements.

**Corporation of the Municipality of West Nipissing**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**For The Year Ended December 31, 2010**

|  | <u>2010</u>                  | <u>2009</u>                  |
|--|------------------------------|------------------------------|
|  |                              | (Restated - note 4)          |
| <b>Revenues</b>                                      |                              |                              |
| Net taxation/user charges                            | \$ 18,935,625                | \$ 18,167,400                |
| Government transfers (note 14)                       | 13,220,496                   | 12,903,353                   |
| Equity in earnings of subsidiaries (note 5)          | 413,584                      | (340,803)                    |
| Other  | <u>2,192,696</u>             | <u>2,447,917</u>             |
| Total Revenues                                       | <u>34,762,401</u>            | <u>33,177,867</u>            |
| <b>Expenses (note 21)</b>                            |                              |                              |
| General government                                   | 2,346,451                    | 2,393,972                    |
| Protection services                                  | 5,169,800                    | 4,914,369                    |
| Transportation services                              | 6,427,310                    | 6,508,705                    |
| Environmental services                               | 5,302,652                    | 5,062,047                    |
| Health services                                      | 406,317                      | 372,887                      |
| Social and family services                           | 11,039,576                   | 12,451,850                   |
| Recreation and cultural services                     | 3,632,212                    | 3,309,794                    |
| Planning and development                             | <u>733,237</u>               | <u>622,002</u>               |
| Total Expenses                                       | <u>35,057,555</u>            | <u>35,635,626</u>            |
| <b>Excess of Expenses Over Revenues Before Other</b> | <b>(295,154)</b>             | <b>(2,457,759)</b>           |
| <b>Other</b>   |                              |                              |
| Government transfers related to capital (note 14)    | <u>7,010,007</u>             | <u>4,765,057</u>             |
| <b>Excess of Revenues Over Expenses</b>              | <b>6,714,853</b>             | <b>2,307,298</b>             |
| <b>Accumulated Surplus, Beginning of Year</b>        | <u>102,572,362</u>           | <u>100,265,064</u>           |
| <b>Accumulated Surplus, End of Year</b>              | <u><u>\$ 109,287,215</u></u> | <u><u>\$ 102,572,362</u></u> |

The accompanying notes are an integral part of these consolidated financial statements.

**Corporation of the Municipality of West Nipissing**  
**Consolidated Statement of Cash Flows**  
**For The Year Ended December 31, 2010**

|  | <u>2010</u>                       | <u>2009</u>                       |
|--|-----------------------------------|-----------------------------------|
| <b>Net Inflow (Outflow) of Cash Related to the Following Activities:</b> |                                   |                                   |
| <b>Operations</b>  |                                   |                                   |
| Excess of Revenues Over Expenses   | <u>\$ 6,714,853</u>               | <u>\$ 2,307,298</u>               |
| Non-cash charges to operations   |                                   |                                   |
| Amortization   | 4,584,083                         | 4,352,784                         |
| Gain (loss) on disposal of tangible capital asset                        | 58,764                            | (5,962)                           |
| Employee future benefits   | (27,265)                          | 11,385                            |
| Landfill closure and post-closure costs                                  | <u>61,875</u>                     | <u>210,755</u>                    |
|  | <u>4,677,457</u>                  | <u>4,568,962</u>                  |
| Change in non-cash working capital balances related to operations:       |                                   |                                   |
| Decrease (increase) in taxes receivable                                  | (240,417)                         | 180,150                           |
| Increase (decrease) in accounts receivable                               | 530,488                           | (826,281)                         |
| Increase in other current assets   | (85,108)                          | (13,827)                          |
| Increase in accounts payable and accrued liabilities                     | 560,141                           | 1,171,687                         |
| Decrease in other current liabilities                                    | (1,035)                           | (465,202)                         |
| Increase (decrease) in deferred revenue - other                          | <u>162,941</u>                    | <u>(109,382)</u>                  |
|  | <u>927,010</u>                    | <u>(62,855)</u>                   |
| Increase in prepaid expenses   | <u>(484,211)</u>                  | <u>(3,844)</u>                    |
| Cash provided by operating transactions                                  | <u>11,835,109</u>                 | <u>6,809,561</u>                  |
| <b>Investing</b>   |                                   |                                   |
| Decrease (increase) in investment in subsidiaries                        | (413,584)                         | 340,803                           |
| Acquisition of tangible capital assets                                   | (11,887,041)                      | (10,735,342)                      |
| Proceeds on disposal of tangible capital asset                           | <u>411,480</u>                    | <u>321,332</u>                    |
| Cash applied to investing transactions                                   | <u>(11,889,145)</u>               | <u>(10,073,207)</u>               |
| <b>Financing</b>   |                                   |                                   |
| Increase (decrease) in temporary borrowings                              | (1,050,000)                       | 1,050,000                         |
| Municipal debt issued  | 3,087,500                         | 2,000,000                         |
| Municipal debt repaid  | <u>(1,064,524)</u>                | <u>(892,085)</u>                  |
| Cash provided by financing transactions                                  | <u>972,976</u>                    | <u>2,157,915</u>                  |
| <b>Net Change in Cash</b>  | <b>918,940</b>                    | <b>(1,105,731)</b>                |
| <b>Cash, Beginning of Year</b>   | <u><b>3,410,717</b></u>           | <u><b>4,516,448</b></u>           |
| <b>Cash, End of Year</b>   | <u><u><b>\$ 4,329,657</b></u></u> | <u><u><b>\$ 3,410,717</b></u></u> |

The accompanying notes are an integral part of these consolidated financial statements.

**Corporation of the Municipality of West Nipissing**  
**Consolidated Change in Net Financial Liabilities**  
**For The Year Ended December 31, 2010**

|   | <u>2010</u>                   | <u>2009</u>                   |
|---|-------------------------------|-------------------------------|
| <b>Excess of Revenues Over Expenses</b>             | <b>\$ 6,714,853</b>           | <b>\$ 2,307,298</b>           |
| Amortization of tangible capital assets             | <b>4,584,083</b>              | 4,352,784                     |
| Change in prepaid expenses                          | <b>(484,211)</b>              | (3,844)                       |
| Acquisition of tangible capital assets              | <b>(11,887,041)</b>           | (10,735,342)                  |
| Proceeds from disposal of tangible capital assets   | <b>411,480</b>                | 321,332                       |
| Gain (loss) on sale of tangible capital assets      | <b>58,764</b>                 | (5,962)                       |
| <b>Increase In Net Financial Liabilities</b>        | <b>(602,072)</b>              | <b>(3,763,734)</b>            |
| <b>Net Financial Liabilities, Beginning of Year</b> | <b>(10,444,347)</b>           | <b>(6,680,613)</b>            |
| <b>Net Financial Liabilities, End of Year</b>       | <b><u>\$ (11,046,419)</u></b> | <b><u>\$ (10,444,347)</u></b> |

The accompanying notes are an integral part of these consolidated financial statements.

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2010**

**1. Status of the Municipality of West Nipissing**

The Corporation of the Municipality of West Nipissing (“the Municipality”) is a municipality that was formed on January 1, 1999 pursuant to the Ontario Municipal Act. The Municipality provides municipal services such as police, fire, ambulance, public works, sewer and water, garbage collection, garbage disposal, urban planning, parks and recreation, library and other general government operations.

**2. Accounting Policies**

These consolidated financial statements of the municipality are the representation of management prepared in accordance with accounting policies recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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 judgment.

(a) Basis of Consolidation

- (i) These consolidated statements include the financial assets, liabilities, non-financial assets, reserves, accumulated surpluses/deficits, revenues and expenses of the Municipality and include the activities of all committees of Council and the West Nipissing Public Library Board.

All interfund assets and liabilities and revenues and expenditures have been eliminated.

- (ii) Activities in joint local boards are accounted for using the proportionate consolidation method. Under this method, the municipality's proportionate share of joint local board revenues, expenses, assets and liabilities are included in the accounts. The following joint local board is proportionately consolidated:

Home for the Aged of West Nipissing

The municipality's proportionate share of Home for the Aged of West Nipissing was 75.3% for 2010 (75.00% for 2009).

- (iii) Non-Consolidated Entities

The following joint local boards are not consolidated:

North Bay Parry Sound District Health Unit  
 District of Nipissing Social Services Administration Board

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2010**

**2. Accounting Policies (Continued)**

(a) Basis of Consolidation (Continued)

- (iv) Certain subsidiary corporations are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the municipality, and interorganizational transactions and balances are not eliminated. Subsidiary corporations accounted for in this manner are:

West Nipissing Environmental Services Ltd.  
 West Nipissing Power Generation Ltd.  
 West Nipissing Power Distribution Ltd.

- (v) Accounting for School Board Transactions

The Municipality is required to collect and remit education support levies in respect of residential and other properties on behalf of the area school boards. The Municipality has no jurisdiction or control over the school boards operations. Therefore, taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these financial statements.

- (vi) Trust Funds

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the Trust Funds' Statement of Continuity and Statement of Financial Position.

(b) Basis of Accounting

- (i) Accrual basis

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) Landfill closure and post-closure

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are charged to operations as the landfill site's capacity is used.

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2010**

**2. Accounting Policies (Continued)**

(b) Basis of Accounting (Continued)

(iii) Deferred revenue

Deferred revenue represent government transfers, contributions and other amounts that are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

(iv) Segmented information

Segmented information is presented based on the segments defined by the Province of Ontario for reporting purposes in the Financial Information Return.

(v) Employee future benefits

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer contributory defined benefit program with contributions expensed as incurred.

(vi) Equity in Physical Assets

Equity in physical assets represents the investment in physical assets, after deducting the portion financed by long-term debt.

(vii) 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 consolidated Change in Net Financial Assets for the year.

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2010**

**2. Accounting Policies (Continued)**

(b) Basis of Accounting (Continued)

(viii) 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 to 30 years  |
| Roads and bridges              | 10 to 60 years  |
| Buildings                      | 25 to 75 years  |
| Machinery and equipment        | 5 to 25 years   |
| Vehicles                       | 10 to 25 years  |
| Water and sewer system         | 30 to 100 years |
| Furniture and fixtures         | 5 to 20 years   |
| Computer hardware and software | 4 to 10 years   |

Amortization commences the first full month the tangible capital asset is commissioned and ready for service.

Assets under construction are not amortized until the asset is available for productive use.

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

(ix) Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Municipal Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Municipality is required to collect on behalf of the 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 Municipality 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.

(x) Government Transfers

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

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2010**

**2. Accounting Policies (Continued)**

(b) Basis of Accounting (Continued)

(xi) Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions. These estimates and assumptions are based on management's best information and judgment and may differ significantly from actual results.

**3. Measurement Uncertainty**

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Municipality's best information and judgment.

- 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.

**4. Prior years' restatement**

During the current fiscal year, the municipality performed a due diligence review of the tangible capital assets recorded in the previous year due to the change in accounting policy. During this process, additional tangible capital assets relating to land and roads and bridges were discovered. This adjustment has been recorded retroactively and accordingly, the comparative financial statements have been restated as follows:

The impact of these changes are listed below:

|  | <u>2010</u>  | <u>2009</u>  |
|--|--------------|--------------|
| Increase in opening balance - Tangible Capital Assets                                    | \$ 2,424,652 | \$ 2,424,652 |
| Increase in closing balance - Tangible Capital Assets                                    | -            | 2,424,652    |
| Increase in opening balance - Accumulated surplus<br>invested in tangible capital assets | (2,424,652)  | (2,424,652)  |
| Increase in closing balance - Accumulated surplus<br>invested in tangible capital assets | -            | (2,424,652)  |

# Corporation of the Municipality of West Nipissing

## Notes to the Consolidated Financial Statements

December 31, 2010

### 5. Investments in Subsidiaries

The following tables provide condensed supplementary financial information of the municipality's subsidiary corporations:

#### (a) West Nipissing Environmental Services Ltd.

|                               | <u>2010</u>       | <u>2009</u>        |
|-------------------------------|-------------------|--------------------|
| <b>Financial Position:</b>    |                   |                    |
| Current assets                | \$ 479,990        | \$ 323,847         |
| Property, plant and vehicles  | 666,380           | 741,997            |
| Other assets                  | <u>190,404</u>    | <u>187,765</u>     |
| Total assets                  | <u>1,336,774</u>  | <u>1,253,609</u>   |
| Current liabilities           | 264,130           | 235,291            |
| Other liabilities             | <u>1,037,184</u>  | <u>1,095,680</u>   |
| Total liabilities             | <u>1,301,314</u>  | <u>1,330,971</u>   |
| Net equity (deficiency)       | <u>\$ 35,460</u>  | <u>\$ (77,362)</u> |
|                               | <u>2010</u>       | <u>2009</u>        |
| <b>Results of Operations:</b> |                   |                    |
| Revenues                      | \$ 1,469,833      | \$ 1,387,152       |
| Expenditures                  | <u>1,357,011</u>  | <u>1,332,975</u>   |
| Increase in equity            | <u>\$ 112,822</u> | <u>\$ 54,177</u>   |

The financial information presented is for the year ended August 31, 2010. The financial information presented has not been updated to reflect transactions to December 31, 2010 to coincide with the municipality's fiscal period since no events and/or transactions of West Nipissing Environmental Services Ltd. have occurred during the period from September 1, 2010 to December 31, 2010 that would significantly affect the consolidated financial position or results of operations of the municipality.

# Corporation of the Municipality of West Nipissing

## Notes to the Consolidated Financial Statements

December 31, 2010

### 5. Investments in Subsidiaries (Continued)

#### (b) West Nipissing Power Generation Ltd.

|                               | <u>2010</u>         | <u>2009</u>         |
|-------------------------------|---------------------|---------------------|
| <b>Financial Position:</b>    |                     |                     |
| Current assets                | \$ 1,243,911        | \$ 1,012,138        |
| Property, plant and equipment | 2,202,643           | 2,186,151           |
| Other assets                  | <u>468,226</u>      | <u>171,987</u>      |
| Total assets                  | <u>3,914,780</u>    | <u>3,370,276</u>    |
| Current liabilities           | 1,862,461           | 1,430,324           |
| Other liabilities             | <u>791,879</u>      | <u>980,274</u>      |
| Total liabilities             | <u>2,654,340</u>    | <u>2,410,598</u>    |
| Net equity                    | <u>\$ 1,260,440</u> | <u>\$ 959,678</u>   |
|                               | <u>2010</u>         | <u>2009</u>         |
| <b>Results of Operations:</b> |                     |                     |
| Revenues                      | \$ 2,038,848        | \$ 1,552,556        |
| Expenditures                  | 1,309,082           | 1,636,533           |
| Income taxes (recovery)       | <u>154,004</u>      | <u>(38,997)</u>     |
| Net income (loss)             | <u>575,762</u>      | <u>(44,980)</u>     |
| Dividends                     | <u>(275,000)</u>    | <u>(350,000)</u>    |
| Increase (decrease) in equity | <u>\$ 300,762</u>   | <u>\$ (394,980)</u> |

#### (c) West Nipissing Power Distribution Ltd.

|                               | <u>2010</u>      | <u>2009</u>      |
|-------------------------------|------------------|------------------|
| <b>Financial Position:</b>    |                  |                  |
| Other assets                  | <u>\$ 10</u>     | <u>\$ 10</u>     |
| Net equity                    | <u>\$ 10</u>     | <u>\$ 10</u>     |
|                               | <u>2010</u>      | <u>2009</u>      |
| <b>Results of Operations:</b> |                  |                  |
| Revenues                      | \$ 275,000       | \$ 350,000       |
| Expenditures                  | <u>-</u>         | <u>-</u>         |
| Net income                    | <u>275,000</u>   | <u>350,000</u>   |
| Dividends                     | <u>(275,000)</u> | <u>(350,000)</u> |
| Change in equity              | <u>\$ -</u>      | <u>\$ -</u>      |

# Corporation of the Municipality of West Nipissing

## Notes to the Consolidated Financial Statements

December 31, 2010

### 6. Temporary Loans

The municipality has an authorized line of credit of \$6,000,000, which is secured by a general security agreement. As at December 31, 2010, the municipality has utilized \$ - (2009 - \$1,050,000) . The interest is calculated at the bank's prime lending rate plus 0.75%.

### 7. Municipal Debt

|  | <u>2010</u> | <u>2009</u> |
|--|-------------|-------------|
| Term loan, repayable in monthly instalments of \$7,216, including interest at the fixed rate of 5.09%, maturing June 23, 2013  | \$ 204,323  | \$ 278,446  |
| Term loan, repayable in monthly instalments of \$66,179, including interest at the fixed rate of 5.21%, maturing August 16, 2017   | 8,649,315   | 8,963,269   |
| Term loan, repayable in monthly instalments of \$12,438, including interest at the fixed rate of 4.30%, maturing March 10, 2019  | 1,885,570   | 1,952,180   |
| Term loan, repayable in monthly instalments of \$11,750, including interest at the fixed rate of 5.30%, maturing January 25, 2013  | 1,174,050   | 1,250,653   |
| Term loan, repayable in monthly instalments of \$24,880, including interest at the fixed rate of 5.11%, maturing December 25, 2011   | 290,750     | 566,900     |
| Conditional loan, repayable with instalments in amounts equal to 6% of gross revenues from the Sturgeon River House Museum admission fees.   | 210,165     | 210,165     |
| Term loan, repayable in monthly instalments of \$16,942, including interest at the fixed rate of 4.6%, maturing April 2017, secured by a general security agreement on the assets of the Home for the Aged | 1,484,994   | 1,573,898   |
| Term loan, repayable in monthly instalments of \$4,778, plus interest at the fixed rate of 5%, matured June 25, 2010, secured by building  | -           | 28,667      |
| Term loan, repayable in monthly instalments of \$16,616, including interest at the fixed rate of 3.89%, maturing May 26, 2015  | 2,093,399   | -           |

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2010**

**7. Municipal Debt (Continued)**

|  | <u>2010</u>                 | <u>2009</u>                 |
|--|-----------------------------|-----------------------------|
| Term loan, repayable in monthly instalments of \$8,605, including interest at the fixed rate of 3.33%, maturing May 26, 2015 | 423,689                     | -                           |
| Term loan, repayable in monthly instalments of \$3,088, including interest at the fixed rate of 4.35%, maturing May 26, 2020 | 285,953                     | -                           |
| Term loan, repayable in monthly instalments of \$2,944, including interest at the fixed rate of 3.33%, maturing May 26, 2015 | <u>144,946</u>              | -                           |
|  | <u><u>\$ 16,847,154</u></u> | <u><u>\$ 14,824,178</u></u> |

Principal instalments required to be paid over the next five years are as follows:

|            |                             |
|------------|-----------------------------|
| 2011       | \$ 1,200,752                |
| 2012       | 953,951                     |
| 2013       | 1,878,629                   |
| 2014       | 864,087                     |
| 2015       | 2,354,291                   |
| Thereafter | <u>9,595,444</u>            |
| Total      | <u><u>\$ 16,847,154</u></u> |

**8. Employee Future Benefits Payable**

The municipality provides certain employee benefits which 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 municipality's employment.

|                                     | <u>2010</u>              | <u>2009</u>              |
|-------------------------------------|--------------------------|--------------------------|
| Accumulated sick leave entitlements | <u><u>\$ 561,534</u></u> | <u><u>\$ 588,799</u></u> |

The municipality has established reserves to mitigate the future impact of these obligations as detailed on the Schedule of Reserves. The balance of the sick leave reserve is \$351,453 (2009 - \$348,884).

# Corporation of the Municipality of West Nipissing

## Notes to the Consolidated Financial Statements

December 31, 2010

### 9. Landfill Closure and Post-Closure

Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage. The reported liability is based on estimates and assumptions with respect to events extending over an extended period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The main components of the landfill closure plan are final capping and implementation of a drainage management plan. The post-closure care requirements will involve cap maintenance, installation of monitoring wells, groundwater monitoring, inspections and annual reports.

The estimated liability for this care is the present value of future cash flows associated with closure and post-closure costs discounted using the municipality's estimated average borrowing rate of 4.42%. The change in liability is recorded based on the capacity of the landfill used to date. The liability is currently unfunded and is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

The municipality operates the following landfill sites:

|              | Estimated<br>Remaining<br>Life | Recorded Liability |                   | Total Estimated<br>Undiscounted Outflow<br>in the Future |                     | Amounts to be<br>Recognized in the<br>Future |                   |
|--------------|--------------------------------|--------------------|-------------------|--|---------------------|--|-------------------|
|              |                                | 2010               | 2009              | 2010   | 2009                | 2010   | 2009              |
| Clear Lake   | 7 years                        | \$ 200,344         | \$ 183,289        | \$ 237,250   | \$ 222,219          | \$ 36,906                                    | \$ 38,930         |
| Caldwell     | 23 years                       | 109,004            | 100,494           | 164,717  | 155,310             | 55,713                                       | 54,816            |
| Kipling      | 11 years                       | 117,525            | 108,502           | 214,658  | 213,797             | 97,133                                       | 105,295           |
| Badgerow     | 13 years                       | 107,329            | 98,347            | 214,658  | 213,797             | 107,329                                      | 115,450           |
| River Valley | 12 years                       | 111,354            | 102,356           | 214,658  | 213,797             | 103,304                                      | 111,441           |
| Lavigne      | 3 years                        | 188,362            | 179,055           | 214,658  | 213,797             | 26,296                                       | 34,742            |
|              |                                | <u>\$ 833,918</u>  | <u>\$ 772,043</u> | <u>\$ 1,260,599</u>                                      | <u>\$ 1,232,717</u> | <u>\$ 426,681</u>                            | <u>\$ 460,674</u> |

The municipality is presently in the process of evaluating its landfill sites to obtain new estimates with respect to their potential future capacity. Since the future capacity for these sites was not determinable at the time of the preparation of the financial statements, the estimate for closure and post closure costs has not been changed.

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2010**

**10. Tangible Capital Assets**

|                                     | Cost                       |                      |                       |                       | Accumulated amortization   |                     |                     | Net Book Value       |                       |                       |
|-------------------------------------|----------------------------|----------------------|-----------------------|-----------------------|----------------------------|---------------------|---------------------|----------------------|-----------------------|-----------------------|
|                                     | Balance, beginning of year | Additions            | Disposals             | Balance, end of year  | Balance, beginning of year | Amortization        | Adjustments         | Balance, end of year | December 31, 2010     | December 31, 2009     |
| Land                                | \$ 8,718,120               | \$ 41,298            | \$ (470,244)          | \$ 8,289,174          | \$ -                       | \$ -                | \$ -                | \$ -                 | \$ 8,289,174          | \$ 8,718,120          |
| Land improvements                   | 172,540                    | 30,482               | -                     | 203,022               | 44,981                     | 9,799               | -                   | 54,780               | 148,242               | 127,559               |
| Roads and bridges                   | 61,974,731                 | 1,637,009            | (104,686)             | 63,507,054            | 30,760,644                 | 2,281,479           | (104,686)           | 32,937,437           | 30,569,617            | 31,214,087            |
| Buildings                           | 27,975,579                 | 1,406,520            | -                     | 29,382,099            | 10,237,816                 | 574,926             | -                   | 10,812,742           | 18,569,357            | 17,737,763            |
| Machinery and equipment             | 3,047,401                  | 452,577              | (1,908)               | 3,498,070             | 1,502,169                  | 216,501             | (1,908)             | 1,716,762            | 1,781,308             | 1,545,232             |
| Vehicles                            | 7,705,813                  | 622,103              | (309,425)             | 8,018,491             | 4,932,840                  | 479,155             | (309,425)           | 5,102,570            | 2,915,921             | 2,772,973             |
| Water and sewer system              | 63,277,924                 | 2,213,172            | (158,463)             | 65,332,633            | 18,271,163                 | 869,634             | (158,463)           | 18,982,334           | 46,350,299            | 45,006,761            |
| Furniture and fixtures              | 731,481                    | 182,380              | -                     | 913,861               | 286,716                    | 40,395              | -                   | 327,111              | 586,750               | 444,765               |
| Information technology and software | 826,072                    | 100,689              | -                     | 926,761               | 622,737                    | 112,194             | -                   | 734,931              | 191,830               | 203,335               |
| Assets under construction           | 5,229,005                  | 5,200,811            | -                     | 10,429,816            | -                          | -                   | -                   | -                    | 10,429,816            | 5,229,005             |
|                                     | <u>\$ 179,658,666</u>      | <u>\$ 11,887,041</u> | <u>\$ (1,044,726)</u> | <u>\$ 190,500,981</u> | <u>\$ 66,659,066</u>       | <u>\$ 4,584,083</u> | <u>\$ (574,482)</u> | <u>\$ 70,668,667</u> | <u>\$ 119,832,314</u> | <u>\$ 112,999,600</u> |

# Corporation of the Municipality of West Nipissing

## Notes to the Consolidated Financial Statements

December 31, 2010

### 11. Accumulated Surplus

|  | <u>2010</u>                         | <u>2009</u>                         |
|--|-------------------------------------|-------------------------------------|
| <b>Surplus</b>                             |                                     |                                     |
| Invested in tangible capital assets        | <b>\$ 119,832,314</b>               | \$ 112,999,600                      |
| General                                    | <b>1,219,622</b>                    | 1,093,949                           |
| West Nipissing Power Generation Ltd.       | <b>1,260,440</b>                    | 959,677                             |
| Home for the Aged of West Nipissing        | <b>171,805</b>                      | 15,544                              |
| West Nipissing Environmental Services Ltd. | <b>35,460</b>                       | (77,362)                            |
| West Nipissing Power Distribution Ltd.     | <b>10</b>                           | 10                                  |
| Unfunded                                   |                                     |                                     |
| Landfill closure and post-closure          | <b>(833,918)</b>                    | (772,043)                           |
| Municipal debt                             | <b>(16,847,154)</b>                 | (14,824,178)                        |
| Employee future benefits                   | <b>(561,534)</b>                    | (588,799)                           |
| Total surplus                              | <b><u>104,277,045</u></b>           | <b><u>98,806,398</u></b>            |
| <b>Reserves</b>                            |                                     |                                     |
| Special purpose reserves                   |                                     |                                     |
| Working capital                            | <b>1,739,764</b>                    | 807,398                             |
| Sick leave benefits                        | <b>351,453</b>                      | 348,884                             |
| Library services                           | <b>284,597</b>                      | 259,641                             |
| Health services                            | <b>92,151</b>                       | 72,630                              |
| Road maintenance and equipment             | <b>5,242</b>                        | 54,918                              |
| Protection services                        | <b>633,035</b>                      | 308,429                             |
| Acquisition of tangible capital assets     | <b>1,466,055</b>                    | 1,426,107                           |
| Recreation services                        | <b>68,452</b>                       | 41,879                              |
| Environmental services                     | <b>369,421</b>                      | 446,078                             |
| Total reserves                             | <b><u>5,010,170</u></b>             | <b><u>3,765,964</u></b>             |
| Accumulated Surplus                        | <b><u><u>\$ 109,287,215</u></u></b> | <b><u><u>\$ 102,572,362</u></u></b> |

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2010**

**12. Commitments**

During 2007, the municipality entered into an agreement committing to pay \$793,704 for the North Bay Regional Health Centre Hospital capital project. The amounts is to be paid in annual instalments of \$52,914 per year for 15 years. As at December 31, 2010, the value of instalments remaining is \$473,919.

The municipality entered into a contract for the Minehaha Waterfront project amounting to approximately \$7,553,000. At December 31, 2010, there was approximately \$686,300 of work remaining to be completed. This project is being funded in the following manner:

|  |                     |
|--|---------------------|
| Subsidy from Infrastructure Stimulus Fund (Ministry of Agriculture, Food, and Rural Affairs, and the Government of Canada) | \$ 4,155,334        |
| Subsidy from Northern Ontario Heritage Fund Corporation (NOHFC)  | 1,435,600           |
| Subsidy from FedNor  | 435,600             |
| Committed Donation   | 755,300             |
| Financing from the municipality  | <u>771,166</u>      |
|  | <u>\$ 7,553,000</u> |

The municipality entered into a contract for the construction of a water tower for approximately \$1,806,000. At December 31, 2010, there was approximately \$149,500 of work remaining to be completed. This project is being funded in the following manner:

|  |                     |
|--|---------------------|
| Subsidy from Industry Canada's Community Adjustment Fund | \$ 1,705,000        |
| Financing from the municipality                          | <u>101,000</u>      |
|  | <u>\$ 1,806,000</u> |

# Corporation of the Municipality of West Nipissing

## Notes to the Consolidated Financial Statements

December 31, 2010

### 13. Contingencies

#### Northern Ontario Heritage Fund Corporation

Under the terms of an agreement between the municipality and the Northern Ontario Heritage Fund Corporation, the municipality obtained a loan in the amount of \$811,950 and was committed to increase annual museum visits to 20,000 and annual museum revenues to at least \$230,000 by December 31, 2001. The Northern Ontario Heritage Fund Corporation was to determine whether the municipality had made every reasonable effort to increase museum annual visits and revenues to the required levels. If such determination is positive, then the outstanding balance of the loan shall be forgiven. If such determination is negative, then the municipality shall commence paying interest at the prime rate quoted by the Royal Bank of Canada plus 2%, and the loan shall be due upon demand. At December 31, 2010, the Northern Ontario Heritage Fund Corporation had not made its determination.

#### Legal Actions

The municipality is involved in certain legal matters and litigations, the outcomes of which are not presently determinable. The loss, if any, from these legal matters and litigations will be accounted for in the periods in which they are resolved.

Council is of the opinion that it is unlikely that any liability, to the extent not provided by insurance or otherwise, would be material in relation to the municipality's consolidated financial position.

### 14. Government Transfers

The following government transfers have been included in revenues:

|                    | <u>2010</u>          | <u>2009</u>          |
|--------------------|----------------------|----------------------|
| Current Transfers: |                      |                      |
| Federal            | \$ 127,499           | \$ 66,227            |
| Provincial         | <u>13,092,997</u>    | <u>12,837,126</u>    |
|                    | <u>13,220,496</u>    | <u>12,903,353</u>    |
| Capital Transfers: |                      |                      |
| Federal            | 3,023,549            | 1,660,927            |
| Provincial         | <u>3,986,458</u>     | <u>3,104,130</u>     |
|                    | <u>7,010,007</u>     | <u>4,765,057</u>     |
|                    | <u>\$ 20,230,503</u> | <u>\$ 17,668,410</u> |

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2010**

**15. Operations of School Boards**

Further to note 2(a)(v), the taxation, other revenues and expenditures of the school boards are comprised of the following:

|                                      | <u>2010</u>      | <u>2009</u>      |
|--------------------------------------|------------------|------------------|
| Taxation and user charges            | \$ 2,904,357     | \$ 2,810,701     |
| Grants                               | <u>18,213</u>    | <u>17,524</u>    |
| Total amounts received or receivable | 2,922,570        | 2,828,225        |
| Requisitions                         | <u>2,922,570</u> | <u>2,828,225</u> |
|                                      | <u>\$ -</u>      | <u>\$ -</u>      |

**16. Contributions to Unconsolidated Joint Boards**

Further to 2(a)(iii), the following contributions were made by the municipality to these boards:

|  | <u>2010</u>         | <u>2009</u>         |
|--|---------------------|---------------------|
| District of Nipissing Social Services Administration Board | \$ 2,973,960        | \$ 4,718,998        |
| North Bay Parry Sound District Health Unit                 | <u>368,069</u>      | <u>362,411</u>      |
|  | <u>\$ 3,342,029</u> | <u>\$ 5,081,409</u> |

**17. Trust Funds**

Trust funds administered by the municipality amounting to \$97,739 (2009 - \$96,143) 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.

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2010**

**18. Pension Agreements**

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2010 was \$795,286 (2009 - \$795,876) for current services and is included as an expenditure on the Consolidated Statement of Financial Activities.

On January 1, 2010, the yearly maximum pension earnings increased to \$47,200 from \$46,300 in 2009. The contributions are calculated at a rate of 6.4% (2009 - 6.3%) for the amount up to the yearly maximum pension earnings stated above and at a rate of 9.7% (2009 - 9.5%) for the amount above the yearly maximum pension earnings.

**19. Budget Figures**

Budget figures have not been provided for comparison purposes. The budget approved by Council is based on a model used to manage departmental spending which is different from the reporting model which is based on Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board. Given the differences between the two models, the budget figures have not been presented as they have not been adjusted to conform with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board.

**20. Comparative Figures**

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2010**

**21. Segmented Information**

|   | <u>General<br/>Government</u> | <u>Protection<br/>Services</u> | <u>Transportation<br/>Services</u> | <u>Environmental<br/>Services</u> | <u>Health<br/>Services</u> | <u>Social and<br/>Family<br/>Services</u> | <u>Recreation<br/>and Cultural<br/>Services</u> | <u>Planning and<br/>Development</u> | <u>2010<br/>Total</u> | <u>2009<br/>Total</u> |
|---|-------------------------------|--------------------------------|------------------------------------|-----------------------------------|----------------------------|---|---|-------------------------------------|-----------------------|-----------------------|
| <b>Expenses</b>   |                               |                                |                                    |                                   |                            |   |   |                                     |                       |                       |
| Salaries, wages and<br>employee benefits                            | \$ 1,016,806                  | \$ 4,063,617                   | \$ 1,608,093                       | \$ 960,996                        | \$ 7,101                   | \$ 6,559,321                              | \$ 1,916,997                                    | \$ 311,969                          | \$ 16,444,900         | \$ 15,773,294         |
| Materials, contracted<br>services, rents, and<br>financial expenses | 1,100,161                     | 665,423                        | 2,267,526                          | 2,841,060                         | 31,147                     | 1,239,151                                 | 1,306,098                                       | 407,568                             | 9,858,134             | 9,575,700             |
| Transfers to other<br>governments and the<br>public                 | -                             | -                              | -                                  | -                                 | 368,069                    | 2,978,960                                 | -   | -                                   | 3,347,029             | 5,175,740             |
| Amortization  | 162,147                       | 428,464                        | 2,528,623                          | 873,945                           | -                          | 197,906                                   | 389,916   | 3,081                               | 4,584,082             | 4,352,784             |
| Interest on long-term<br>debt                                       | 67,337                        | 12,296                         | 23,068                             | 626,651                           | -                          | 64,238                                    | 19,201  | 10,619                              | 823,410               | 758,108               |
|   | <u>\$ 2,346,451</u>           | <u>\$ 5,169,800</u>            | <u>\$ 6,427,310</u>                | <u>\$ 5,302,652</u>               | <u>\$ 406,317</u>          | <u>\$ 11,039,576</u>                      | <u>\$ 3,632,212</u>                             | <u>\$ 733,237</u>                   | <u>\$ 35,057,555</u>  | <u>\$ 35,635,626</u>  |

## **Independent Auditor's Report**

### **To the Members of Council, Inhabitants and Ratepayers of Corporation of the Municipality of West Nipissing**

We have audited the accompanying financial statements of the trust funds of the Corporation of the Municipality of West Nipissing, which comprise the statement of financial position as at December 31, 2010, and 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 control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's 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 auditor's 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.

## **Independent Auditor's Report (Continued)**

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

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Municipality of West Nipissing as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow, Sudbury - Nipissing LLP*

Sturgeon Falls, Ontario  
August 9, 2011

CHARTERED ACCOUNTANTS,  
LICENSED PUBLIC ACCOUNTANTS

**Corporation of the Municipality of West Nipissing**  
**Trust Funds - Statement of Continuity**  
**For The Year Ended December 31, 2010**

|   | 2010                                  |   |           | 2009      |
|---|---------------------------------------|---|-----------|-----------|
|   | Ontario<br>Home<br>Renewal<br>Program | Cemetery<br>Care and<br>Maintenance<br>Fund | Total     | Total     |
| Balance, beginning of year  | \$ 3,559                              | \$ 92,584                                   | \$ 96,143 | \$ 77,792 |
| Investment income   | -                                     | 2,859                                       | 2,859     | 4,499     |
| Sale of plots and marker installations  | -                                     | 3,320                                       | 3,320     | 3,750     |
| Transfer from other cemeteries  | -                                     | -   | -         | 15,594    |
|   | 3,559                                 | 98,763                                      | 102,322   | 101,635   |
| Expenses  |                                       |   |           |           |
| Transfer to current fund of the<br>Corporation of the Municipality<br>of West Nipissing | 3,559                                 | 1,024                                       | 4,583     | 5,492     |
| Balance, end of year  | \$ -                                  | \$ 97,739                                   | \$ 97,739 | \$ 96,143 |

The accompanying notes are an integral part of these financial statements.

**Corporation of the Municipality of West Nipissing**  
**Trust Funds - Statement of Financial Position**  
**December 31, 2010**

|   | 2010                                  |   |                   | 2009              |
|---|---------------------------------------|---|-------------------|-------------------|
|   | Ontario<br>Home<br>Renewal<br>Program | Cemetery<br>Care and<br>Maintenance<br>Fund | Total             | Total             |
| <b>Assets</b>   |                                       |   |                   |                   |
| Cash and term deposits  | \$ -                                  | \$ 169,874                                  | \$ 169,874        | \$ 146,436        |
| Loans receivable  | <u>-</u>                              | <u>-</u>                                    | <u>-</u>          | <u>3,559</u>      |
|   | <u>\$ -</u>                           | <u>\$ 169,874</u>                           | <u>\$ 169,874</u> | <u>\$ 149,995</u> |
| <b>Liabilities</b>  |                                       |   |                   |                   |
| Due to the Corporation of the<br>Municipality of West Nipissing | \$ -                                  | \$ 72,135                                   | \$ 72,135         | \$ 53,852         |
| <b>Fund Equity</b>  |                                       |   |                   |                   |
| Capital   | <u>-</u>                              | <u>97,739</u>                               | <u>97,739</u>     | <u>96,143</u>     |
|   | <u>\$ -</u>                           | <u>\$ 169,874</u>                           | <u>\$ 169,874</u> | <u>\$ 149,995</u> |

The accompanying notes are an integral part of these financial statements.

**Corporation of the Municipality of West Nipissing**  
**Trust Funds - Notes to the Financial Statements**  
**December 31, 2010**

**1. Accounting Policies**

Basis of Accounting

Capital receipts and income are reported on the cash basis of accounting.

Expenses are reported on the cash basis of accounting with the exception of administrative expenses and capital expenses which are reported on the accrual basis of accounting, which recognizes expenses as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

**2. Ontario Home Renewal Program**

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. In July 1993, the Ontario Home Renewal Program was discontinued and the funds held by the participating municipalities are being returned to the Ministry of Municipal Affairs and Housing.