

Corporation of the Municipality of West Nipissing

Financial Report

December 31, 2009

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Auditors' Report

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

We have audited the consolidated statement of financial position of the Corporation of the Municipality of West Nipissing as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, cash flows, and change in net financial assets for the year then ended. These consolidated financial statements are the responsibility of the municipality's management. 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 plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of West Nipissing as at December 31, 2009 and the results of its operations, cash flows, and change in net financial assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow, Sudbury-Nipissing LLP

Sturgeon Falls, Ontario
March 11, 2010

CHARTERED ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

Corporation of the Municipality of West Nipissing
Consolidated Statement of Financial Position
December 31, 2009

	<u>2009</u>	<u>2008</u>
		(Restated - note 3)
Financial Assets		
Cash	\$ 3,410,717	\$ 4,516,448
Taxes receivable	1,197,815	1,377,965
Accounts receivable	7,217,905	6,391,624
Other current assets	250,827	237,000
Investments in subsidiaries (note 4)	<u>882,326</u>	<u>1,223,129</u>
	<u>12,959,590</u>	<u>13,746,166</u>
Liabilities		
Temporary loans (note 5)	\$ 1,050,000	\$ -
Accounts payable and accrued liabilities	5,387,027	4,215,340
Other current liabilities	206,064	671,266
Deferred revenue	575,826	685,208
Municipal debt (note 6)	14,824,178	13,716,263
Employee future benefits payable (note 7)	588,799	577,414
Landfill closure and post-closure (note 8)	<u>772,043</u>	<u>561,288</u>
	<u>23,403,937</u>	<u>20,426,779</u>
Net Financial Liabilities	<u>(10,444,347)</u>	<u>(6,680,613)</u>
Non-financial Assets		
Tangible capital assets (note 9)	110,574,948	104,507,760
Prepaid expenses	<u>17,109</u>	<u>13,265</u>
	<u>110,592,057</u>	<u>104,521,025</u>
Accumulated Surplus (note 10)	<u>\$ 100,147,710</u>	<u>\$ 97,840,412</u>
Commitments (note 11)		
Contingencies (note 12)		

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, 2009

	<u>2009</u>	<u>2008</u>
	<u>Actual</u>	<u>Actual</u>
		(Restated - note 3)
Revenues		
Net taxation/user charges	\$ 18,167,400	\$ 17,576,538
Government transfers (note 13)	12,903,353	13,261,369
Equity in earnings of subsidiaries (note 4)	(340,803)	363,319
Other	<u>2,447,917</u>	<u>1,794,192</u>
Total Revenues	<u>33,177,867</u>	<u>32,995,418</u>
Expenses		
General government	2,393,972	2,202,262
Protection services	4,914,369	4,746,926
Transportation services	6,508,705	6,255,365
Environmental services	5,062,047	5,005,915
Health services	372,887	346,674
Social and family services	12,451,850	10,647,440
Recreation and cultural services	3,309,794	3,268,102
Planning and development	<u>622,002</u>	<u>595,451</u>
Total Expenses	<u>35,635,626</u>	<u>33,068,135</u>
Excess of Expenses Over Revenues Before Other	<u>(2,457,759)</u>	<u>(72,717)</u>
Other		
Government transfers related to capital (note 13)	<u>4,765,057</u>	<u>5,931,468</u>
Excess of Revenues Over Expenses	<u>2,307,298</u>	<u>5,858,751</u>
Accumulated Surplus, Beginning of Year	<u>97,840,412</u>	<u>91,981,661</u>
Accumulated Surplus, End of Year	<u><u>\$ 100,147,710</u></u>	<u><u>\$ 97,840,412</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, 2009

	<u>2009</u>	<u>2008</u>
		(Restated - note 3)
Net Inflow (Outflow) of Cash Related to the Following Activities:		
Operations		
Excess of Revenues Over Expenses	<u>\$ 2,307,298</u>	<u>\$ 5,858,751</u>
Non-cash charges to operations		
Amortization	4,352,784	4,137,503
Gain on disposal of asset	(5,962)	-
Employee future benefits	11,385	(663)
Landfill closure and post-closure costs	<u>210,755</u>	<u>269,527</u>
	<u>4,568,962</u>	<u>4,406,367</u>
Change in non-cash working capital balances related to operations:		
Decrease (increase) in taxes receivable	180,150	(342,795)
Increase in accounts receivable	(826,281)	(1,338,537)
Decrease (increase) in other current assets	(13,827)	32,773
Increase (decrease) in accounts payable and accrued liabilities	1,171,687	(87,169)
Increase (decrease) in other current liabilities	(465,202)	486,137
Increase (decrease) in deferred revenue - other	<u>(109,382)</u>	<u>651,818</u>
	<u>(62,855)</u>	<u>(597,773)</u>
Increase in prepaid expenses	<u>(3,844)</u>	<u>-</u>
Cash provided by operating transactions	<u>6,809,561</u>	<u>9,667,345</u>
Investing		
Decrease (increase) in investment in subsidiaries	340,803	(363,319)
Acquisition of tangible capital assets	(10,735,342)	(8,697,230)
Proceeds on disposal of tangible capital asset	<u>321,332</u>	<u>41,848</u>
Net decrease in cash used for investing	<u>(10,073,207)</u>	<u>(9,018,701)</u>
Financing		
Increase (decrease) in temporary borrowings	1,050,000	(800,000)
Municipal debt issued	2,000,000	381,525
Municipal debt repaid	<u>(892,085)</u>	<u>(764,270)</u>
Net increase (decrease) in cash from financing	<u>2,157,915</u>	<u>(1,182,745)</u>
Net Change in Cash	(1,105,731)	(534,101)
Cash, Beginning of Year	<u>4,516,448</u>	<u>5,050,549</u>
Cash, End of Year	<u>\$ 3,410,717</u>	<u>\$ 4,516,448</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 Assets
For The Year Ended December 31, 2009

	<u>2009</u>	<u>2008</u>
	<u>Actual</u>	<u>Actual</u>
Excess of Revenues Over Expenses	\$ 2,307,298	\$ 5,858,751
Amortization of tangible capital assets	4,352,784	4,137,503
Change in prepaid expenses	(3,844)	4,657
Acquisition of tangible capital assets	(10,735,342)	(8,697,230)
Proceeds from disposal of tangible capital assets	321,332	41,848
Gain on sale of tangible capital assets	(5,962)	-
Increase In Net Financial Assets (Liabilities)	<u>(3,763,734)</u>	<u>1,345,529</u>
Net Financial Assets (Liabilities), Beginning of Year	<u>(6,680,613)</u>	<u>(8,026,142)</u>
Net Financial Assets (Liabilities), End of Year	<u><u>\$ (10,444,347)</u></u>	<u><u>\$ (6,680,613)</u></u>

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, 2009

1. Status of the Municipality of West Nipissing

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 have been prepared by management in accordance with Canadian generally accepted accounting principles for governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The significant accounting policies are summarized as follows:

(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 75.00% for 2009 (74.46% for 2008).

- (iii) Non-Consolidated Entities

The following joint local boards are not consolidated:

North Bay and District Health Unit
 District of Nipissing Social Services Administration Board
 Board of Management for the Sturgeon Falls Business Improvement Area

Corporation of the Municipality of West Nipissing
Notes to the Consolidated Financial Statements
December 31, 2009

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, 2009

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) 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.

(v) 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.

(vi) 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

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.

Corporation of the Municipality of West Nipissing
Notes to the Consolidated Financial Statements
December 31, 2009

2. Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vii) 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.

(viii) 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.

(ix) 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 are based on management's best information and judgment and may differ significantly from actual results.

Corporation of the Municipality of West Nipissing
Notes to the Consolidated Financial Statements
December 31, 2009

3. Restatement for Change in Accounting Policy

The municipality has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook which requires municipalities and their local boards to record and amortize their tangible capital assets on their financial statements. Adjustments necessary to the 2008 financial information as a result of the Section are as follows:

Adjustment to 2008 Tangible Capital Assets

Assets previously expensed to December 31, 2008	\$ 166,944,472
Accumulated amortization to December 31, 2008, not previously recorded	<u>(62,436,712)</u>
Closing 2008 and opening 2009 net book value of tangible capital assets as restated	<u>\$ 104,507,760</u>

Adjustments to Opening 2008 Accumulated Surplus

Accumulated Surplus as previously stated	
Current Fund	\$ 1,193,355
Capital Fund	1,654,539
Reserves	<u>4,112,732</u>
	6,960,626
Net book value of tangible capital assets at January 1, 2008	99,989,881
Municipal debt	(14,099,008)
Landfill closure and post-closure	(291,761)
Employee future benefits payable	<u>(578,077)</u>
Opening 2008 Accumulated Surplus, as restated	<u>\$ 91,981,661</u>

Adjustments to Opening 2008 Excess of Revenues over Expenses

2008 Excess of Revenues over Expenses as previously stated	\$ 1,340,872
Add: Assets capitalized but previously expensed	8,697,230
Less: Amortization expense not previously recorded	(4,137,503)
Proceeds from sale of assets	<u>(41,848)</u>
2008 Excess of Revenues over Expenses as restated	<u>\$ 5,858,751</u>

Adjustments to Opening 2008 Municipal Debt

2008 Municipal debt as previously stated	\$ 13,887,365
Add: Conditional loan	<u>211,643</u>
2008 Municipal debt as restated	<u>\$ 14,099,008</u>

Corporation of the Municipality of West Nipissing
Notes to the Consolidated Financial Statements
December 31, 2009

4. Investments in Subsidiaries

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

(a) West Nipissing Environmental Services Ltd.

	<u>2009</u>	<u>2008</u>
Financial Position:		
Current assets	\$ 328,198	\$ 356,170
Property, plant and vehicles	741,997	829,830
Other assets	<u>187,765</u>	<u>184,920</u>
Total assets	<u>1,257,960</u>	<u>1,370,920</u>
Current liabilities	239,642	355,388
Other liabilities	<u>1,095,680</u>	<u>1,147,071</u>
Total liabilities	<u>1,335,322</u>	<u>1,502,459</u>
Net deficiency	<u>\$ (77,362)</u>	<u>\$ (131,539)</u>
	<u>2009</u>	<u>2008</u>
Results of Operations:		
Revenues	\$ 1,387,152	\$ 1,368,800
Expenditures	1,332,975	<u>1,429,643</u>
Net income (loss)	54,177	(60,843)
Effect of change in estimate for landfill site liability	-	(289,920)
Increase (decrease) in equity	<u>\$ 54,177</u>	<u>\$ (350,763)</u>

The financial information presented is for the year ended August 31, 2009. The financial information presented has not been updated to reflect transactions to December 31, 2009 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, 2009 to December 31, 2009 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, 2009

4. Investments in Subsidiaries (Continued)

(b) West Nipissing Power Generation Ltd.

	<u>2009</u>	<u>2008</u>
Financial Position:		
Current assets	\$ 1,012,138	\$ 1,513,727
Property, plant and equipment	2,186,151	1,327,682
Other assets	<u>171,987</u>	<u>171,001</u>
Total assets	<u>3,370,276</u>	<u>3,012,410</u>
Current liabilities	1,681,927	938,093
Other liabilities	<u>728,671</u>	<u>719,659</u>
Total liabilities	<u>2,410,598</u>	<u>1,657,752</u>
Net equity	<u>\$ 959,678</u>	<u>\$ 1,354,658</u>
	<u>2009</u>	<u>2008</u>
Results of Operations:		
Revenues	\$ 1,552,556	\$ 2,673,122
Expenditures	1,636,533	1,579,231
Income taxes	<u>(38,997)</u>	<u>301,884</u>
Net loss	<u>(44,980)</u>	<u>792,007</u>
Dividends	<u>(350,000)</u>	<u>(77,925)</u>
Increase (decrease) in equity	<u>\$ (394,980)</u>	<u>\$ 714,082</u>

(c) West Nipissing Power Distribution Ltd.

	<u>2009</u>	<u>2008</u>
Financial Position:		
Other assets	<u>\$ 10</u>	<u>\$ 10</u>
Net equity	<u>\$ 10</u>	<u>\$ 10</u>
	<u>2009</u>	<u>2008</u>
Results of Operations:		
Revenues	\$ 350,000	\$ 77,925
Expenditures	<u>-</u>	<u>-</u>
Net loss	<u>350,000</u>	<u>77,925</u>
Dividends	<u>(350,000)</u>	<u>(77,925)</u>
Change in equity	<u>\$ -</u>	<u>\$ -</u>

Corporation of the Municipality of West Nipissing
Notes to the Consolidated Financial Statements
December 31, 2009

5. 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, 2009, the municipality has utilized \$ 1,050,000 (2008 - \$ -). The interest is calculated at the bank's prime lending rate.

6. Municipal Debt

	<u>2009</u>	<u>2008</u> (Restated - note 3)
Term loan, repayable in monthly instalments of \$7,216, including interest at the fixed rate of 5.09%, matures June 23, 2013	\$ 278,446	\$ 347,585
Demand loan, repayable in monthly instalments of \$66,179, including interest at the fixed rate of 5.21%, matures August 17, 2027	8,963,269	9,260,738
Demand loan, repayable in monthly instalments of \$12,438, including interest at the fixed rate of 4.30%, matures March 10, 2019	1,952,180	-
Demand loan, repayable in monthly instalments of \$11,658, including interest at the fixed rate of 4.6%, matures January 25, 2010	1,250,653	1,323,009
Demand loan, repayable in monthly instalments of \$25,343, including interest at the fixed rate of 4.55%, matures January 25, 2010	566,900	828,779
Conditional loan, repayable with instalments in amounts equal to 6% of gross revenues from the Sturgeon River House Museum admission fees.	210,165	211,643
Term loan, repayable in monthly instalments of \$12,706, including interest at the fixed rate of 4.6%, matures April 2017, secured by a general security agreement on the assets of the Home for the Aged	1,573,898	1,658,509
Term loan, repayable in monthly instalments of \$4,778, plus interest at the rate of 5%, matures June 25, 2010, secured by building	<u>28,667</u>	<u>86,000</u>
	<u>\$ 14,824,178</u>	<u>\$ 13,716,263</u>

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2009

6. Municipal Debt (Continued)

Subsequent to year-end, the two demand loans coming due on January 25, 2010 were renewed for an additional one year period.

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

2010	\$ 924,557
2011	2,034,629
2012	598,804
2013	589,129
2014	571,627
Thereafter	<u>10,105,432</u>
Total	<u>\$ 14,824,178</u>

7. 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>2009</u>	<u>2008</u>
Accumulated sick leave entitlements	<u>\$ 588,799</u>	<u>\$ 577,414</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 \$348,884 (2008 - \$346,792).

8. 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 expenditures, 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.

Corporation of the Municipality of West Nipissing
Notes to the Consolidated Financial Statements
December 31, 2009

8. Landfill Closure and Post-Closure (Continued)

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 4.50%. 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 Remaining Life	Recorded Liability		Total Estimated Undiscounted Outflow in the Future		Amounts to be Recognized in the Future	
		2009	2008	2009	2008	2009	2008
Clear Lake	8 years	\$183,289	\$182,049	\$ 222,919	\$ 221,511	\$ 39,630	\$ 39,462
Caldwell	24 years	100,494	95,691	155,310	151,325	54,816	55,634
Kipling	12 years	108,502	99,950	213,797	213,797	105,295	113,847
Badgerow	14 years	98,347	89,795	213,797	213,797	115,450	124,002
River Valley	13 years	102,356	93,803	213,797	213,797	111,441	119,994
Lavigne	13 years	179,055	-	213,797	-	34,742	-
		<u>\$772,043</u>	<u>\$561,288</u>	<u>\$1,233,417</u>	<u>\$1,014,227</u>	<u>\$461,374</u>	<u>\$452,939</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, 2009

9. 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, 2009	December 31, 2008
Land	\$ 7,576,410	\$ 180,042	\$ (315,370)	\$ 7,441,082	\$ -	\$ -	\$ -	\$ -	\$ 7,441,082	\$ 7,576,410
Land improvements	166,494	6,046	-	172,540	33,978	11,003	-	44,981	127,559	132,516
Roads and bridges	58,742,501	2,030,033	-	60,772,534	28,595,607	2,165,037	-	30,760,644	30,011,890	30,146,894
Buildings	27,334,539	641,040	-	27,975,579	9,691,707	546,109	-	10,237,816	17,737,763	17,642,832
Machinery and equipment	2,517,854	588,667	(59,120)	3,047,401	1,378,194	183,095	(59,120)	1,502,169	1,545,232	1,139,660
Vehicles	7,061,870	715,253	(71,310)	7,705,813	4,547,516	456,634	(71,310)	4,932,840	2,772,973	2,514,354
Water and sewer system	61,491,871	1,786,053	-	63,277,924	17,422,155	849,008	-	18,271,163	45,006,761	44,069,716
Furniture and fixtures	681,249	50,232	-	731,481	256,401	30,315	-	286,716	444,765	424,848
Information technology and software	758,406	67,666	-	826,072	511,154	111,583	-	622,737	203,335	247,252
Assets under construction	613,278	4,670,310	-	5,283,588	-	-	-	-	5,283,588	613,278
	<u>\$ 66,944,472</u>	<u>\$ 10,735,342</u>	<u>\$ (445,800)</u>	<u>\$ 77,234,014</u>	<u>\$ 62,436,712</u>	<u>\$ 4,352,784</u>	<u>\$ (130,430)</u>	<u>\$ 66,659,066</u>	<u>\$ 110,574,948</u>	<u>\$ 104,507,760</u>

Corporation of the Municipality of West Nipissing
Notes to the Consolidated Financial Statements
December 31, 2009

10. Accumulated Surplus

	<u>2009</u>	<u>2008</u> (Restated - note 3)
Surplus		
Invested in tangible capital assets	\$ 110,574,948	\$ 104,507,760
General	1,719,559	617,574
West Nipissing Water and Sewer	(625,610)	(116,328)
West Nipissing Power Generation Ltd.	959,677	1,354,658
Home for the Aged of West Nipissing	15,544	9,505
West Nipissing Environmental Services Ltd.	(77,362)	(131,539)
West Nipissing Power Distribution Ltd.	10	10
Unfunded		
Landfill closure and post-closure	(772,043)	(561,288)
Municipal debt	(14,824,178)	(13,716,263)
Employee future benefits	(588,799)	(577,414)
Total surplus	<u>96,381,746</u>	<u>91,386,675</u>
Reserves		
Special purpose reserves		
Working capital	807,398	1,741,737
Sick leave benefits	348,884	346,792
Library services	259,641	230,678
Health services	72,630	52,193
Road maintenance and equipment	54,918	422,694
Protection services	308,429	235,162
Acquisition of capital assets	1,426,107	1,204,283
Housing project	-	1,275,938
Recreation services	41,879	455,066
Environmental services	446,078	438,525
Federal gas tax	-	50,669
Total reserves	<u>3,765,964</u>	<u>6,453,737</u>
Accumulated Surplus	<u>\$ 100,147,710</u>	<u>\$ 97,840,412</u>

Corporation of the Municipality of West Nipissing
Notes to the Consolidated Financial Statements
December 31, 2009

11. Commitments

The municipality entered into a contract for the Minehaha Waterfront project amounting to approximately \$ 7,553,000. At December 31, 2009, there was approximately \$ 4,776,000 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)	\$ 4,295,000
Subsidy from Northern Ontario Heritage Fund Corporation (NOHFC)	285,000
Financing from the municipality	<u>2,973,000</u>
	<u>\$ 7,553,000</u>

The municipality entered into a contract for the construction of a water tower for approximately \$ 1,806,000. As at December 31, 2009 this project had not been started. 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>

12. 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, 2009, the Northern Ontario Heritage Fund Corporation had not made its determination.

Corporation of the Municipality of West Nipissing
Notes to the Consolidated Financial Statements
December 31, 2009

12. Contingencies (Continued)

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.

13. Government Transfers

The following government transfers have been included in revenues:

	<u>2009</u>	<u>2008</u>
Current Transfers:		
Federal	\$ 66,227	\$ 55,388
Provincial	<u>12,837,126</u>	<u>13,205,981</u>
	<u>12,903,353</u>	<u>13,261,369</u>
Capital Transfers:		
Federal	1,660,927	2,504,563
Provincial	<u>3,104,130</u>	<u>3,426,905</u>
	<u>4,765,057</u>	<u>5,931,468</u>
	<u>\$ 17,668,410</u>	<u>\$ 19,192,837</u>

Corporation of the Municipality of West Nipissing
Notes to the Consolidated Financial Statements
December 31, 2009

14. 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>2009</u>	<u>2008</u>
Taxation and user charges	\$ 2,810,701	\$ 2,743,453
Grants	<u>17,524</u>	<u>14,298</u>
Total amounts received or receivable	2,828,225	2,757,751
Requisitions	<u>2,828,225</u>	<u>2,757,751</u>
	<u>\$ -</u>	<u>\$ -</u>

15. Trust Funds

Trust funds administered by the municipality amounting to \$96,143 (2008 - \$77,792) 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.

16. 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 2009 was \$795,876 (2008 - \$645,825) for current services and is included as an expenditure on the Consolidated Statement of Financial Activities.

On January 1, 2009, the yearly maximum pension earnings increased to \$46,300 from \$44,900 in 2008. The contributions are calculated at a rate of 6.3% (2008 - 6.5%) for the amount up to the yearly maximum pension earnings stated above and at a rate of 9.5% (2008 - 9.6%) for the amount above the yearly maximum pension earnings.

Corporation of the Municipality of West Nipissing
Notes to the Consolidated Financial Statements
December 31, 2009

17. Debt Charges

The expenditure for debt charges includes principal and interest payments as follows:

	<u>2009</u>	<u>2008</u>
Principal payments on long-term liabilities	\$ 892,085	\$ 764,270
Interest payments on long-term liabilities	<u>758,108</u>	<u>768,143</u>
	<u>\$ 1,650,193</u>	<u>\$ 1,532,413</u>

18. 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.

19. 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, 2009

20. Segmented Information

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2009 Total	2008 Total
Expenses										
Salaries, wages and employee benefits	\$ 997,097	\$ 3,841,533	\$ 1,610,164	\$ 947,977	\$ 5,838	\$ 6,092,646	\$ 1,923,035	\$ 355,004	\$ 15,773,294	\$ 14,765,808
Materials, contracted services, rents, and financial expenses	1,161,848	666,887	2,469,514	2,686,555	4,638	1,321,493	1,000,467	264,298	9,575,700	8,956,008
Transfers to other governments and the public	-	-	-	-	362,411	4,813,329	-	-	5,175,740	4,440,673
Amortization	165,093	390,395	2,400,398	863,947	-	156,429	373,822	2,700	4,552,784	4,137,503
Interest on long term debt	69,934	15,554	28,629	563,568	-	67,953	12,470	-	758,108	768,143
	<u>\$ 2,393,972</u>	<u>\$ 4,914,369</u>	<u>\$ 6,508,705</u>	<u>\$ 5,062,047</u>	<u>\$ 372,887</u>	<u>\$ 12,451,850</u>	<u>\$ 3,309,794</u>	<u>\$ 622,002</u>	<u>\$ 35,635,626</u>	<u>\$ 33,068,135</u>

Restated - (note 3)

Auditors' Report

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

We have audited the statement of financial position of the trust funds of the Corporation of the Municipality of West Nipissing as at December 31, 2009 and the statement of continuity for the year then ended. These financial statements are the responsibility of the municipality'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 trust funds of the Corporation of the Municipality of West Nipissing as at December 31, 2009 and the continuity of trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow, Sudbury - Nipissing LLP

Sturgeon Falls, Ontario
March 11, 2010

CHARTERED ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

Corporation of the Municipality of West Nipissing
Trust Funds - Statement of Continuity
For The Year Ended December 31, 2009

	2009			2008
	Ontario Home Renewal Program	Cemetery Care and Maintenance Fund	Total	Total
Balance, beginning of year	\$ 4,552	\$ 73,240	\$ 77,792	\$ 76,439
Investment income	-	4,499	4,499	3,044
Sale of plots and marker installations	-	3,750	3,750	2,620
Transfer from other cemeteries	-	15,594	15,594	-
	<u>4,552</u>	<u>97,083</u>	<u>101,635</u>	<u>82,103</u>
Expenditures				
Administration fees	-	-	-	64
Funds returned - Ministry of Municipal Affairs and Housing	-	-	-	1,203
Transfer to current fund of the Corporation of the Municipality of West Nipissing	993	4,499	5,492	3,044
	<u>993</u>	<u>4,499</u>	<u>5,492</u>	<u>4,311</u>
Balance, end of year	<u>\$ 3,559</u>	<u>\$ 92,584</u>	<u>\$ 96,143</u>	<u>\$ 77,792</u>

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, 2009

	2009			2008
	Ontario Home Renewal Program	Cemetery Care and Maintenance Fund	Total	Total
Assets				
Cash and term deposits	\$ -	\$ 146,436	\$ 146,436	\$ 106,444
Loans receivable	<u>3,559</u>	<u>-</u>	<u>3,559</u>	<u>4,552</u>
	<u>\$ 3,559</u>	<u>\$ 146,436</u>	<u>\$ 149,995</u>	<u>\$ 110,996</u>
Liabilities				
Due to the Municipality of West Nipissing	\$ -	\$ 53,852	\$ 53,852	\$ 32,001
Due to Ministry of Municipal Affairs and Housing	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,203</u>
	<u>-</u>	<u>53,852</u>	<u>53,852</u>	<u>33,204</u>
Fund Equity				
Capital	<u>3,559</u>	<u>92,584</u>	<u>96,143</u>	<u>77,792</u>
	<u>\$ 3,559</u>	<u>\$ 146,436</u>	<u>\$ 149,995</u>	<u>\$ 110,996</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, 2009

1. Accounting Policies

Basis of Accounting

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

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses and capital expenditures which are reported on the accrual basis of accounting, which recognizes expenditures 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.