

**Corporation of the Municipality of  
West Nipissing**

**Financial Report**

**December 31, 2008**

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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, 2008 and the consolidated statements of financial activities and changes in financial position 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, 2008 and the results of its activities for the year then ended in accordance with Canadian generally accepted accounting principles.

*Collins Brown, Sudbury-Nipissing LLP*

Sturgeon Falls, Ontario  
March 11, 2009

CHARTERED ACCOUNTANTS,  
LICENSED PUBLIC ACCOUNTANTS

**Corporation of the Municipality of West Nipissing**  
**Consolidated Statement of Financial Position**  
**December 31, 2008**

	<u>2008</u>	<u>2007</u>
<b>Financial Assets</b>		
Cash	\$ 4,516,448	\$ 5,050,549
Taxes receivable	1,377,965	1,035,170
Accounts receivable	6,391,624	5,053,087
Other current assets	250,265	283,038
Investments in subsidiaries (note 4)	<u>1,223,129</u>	<u>859,810</u>
<b>Total Assets</b>	<u><u>\$ 13,759,431</u></u>	<u><u>\$ 12,281,654</u></u>
<b>Liabilities</b>		
Temporary loans (note 5)	\$ -	\$ 800,000
Accounts payable and accrued liabilities	4,215,340	4,302,509
Other current liabilities	671,266	185,129
Deferred revenue - other	685,208	33,390
Municipal debt (note 6)	13,504,620	13,887,365
Employee benefits payable (note 7)	577,414	578,077
Landfill closure and post-closure (note 8)	<u>561,288</u>	<u>291,761</u>
	<u><u>20,215,136</u></u>	<u><u>20,078,231</u></u>
<b>Municipal Position</b>		
Current fund (page 4)	1,626,396	1,193,355
Capital fund (page 5)	107,484	1,654,539
Reserves (page 6)	<u>6,453,737</u>	<u>4,112,732</u>
Fund balances	8,187,617	6,960,626
Amounts to be recovered in future years (note 9)	<u>(14,643,322)</u>	<u>(14,757,203)</u>
Municipal position	<u><u>(6,455,705)</u></u>	<u><u>(7,796,577)</u></u>
<b>Total Liabilities and Municipal Position</b>	<u><u>\$ 13,759,431</u></u>	<u><u>\$ 12,281,654</u></u>
Contingencies (note 10)		

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

**Corporation of the Municipality of West Nipissing**  
**Consolidated Statement of Financial Activities**  
**For The Year Ended December 31, 2008**

	<u>2008</u>		<u>2007</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(see note 18)		
<b>Revenues</b>			
Net taxation/user charges	\$ 19,238,175	\$ 17,576,538	\$ 17,155,308
Government transfers (note 11)	12,363,106	19,192,837	15,556,834
Equity in earnings of subsidiaries (note 4)	-	363,319	(139,403)
Other	<u>2,037,974</u>	<u>1,836,034</u>	<u>1,925,985</u>
Total Revenues	<u>33,639,255</u>	<u>38,968,728</u>	<u>34,498,724</u>
<b>Expenditures</b>			
Current			
General government	2,210,060	2,049,277	2,230,204
Protection services	4,286,621	4,378,934	3,892,058
Transportation services	3,818,957	3,814,917	3,548,633
Environmental services	4,278,754	4,182,671	3,736,809
Health services	354,100	325,381	289,370
Social and family services	11,119,263	10,461,941	10,336,026
Recreation and cultural services	2,586,134	2,913,649	2,829,527
Planning and development	<u>603,669</u>	<u>594,231</u>	<u>626,016</u>
	<u>29,257,558</u>	<u>28,721,001</u>	<u>27,488,643</u>
Capital			
General government	56,200	45,660	23,468
Protection services	120,000	155,955	281,432
Transportation services	3,661,741	2,960,872	2,342,060
Environmental services	407,000	4,478,232	3,091,361
Social and family services	159,665	137,839	603,370
Recreation and cultural services	-	516,161	62,572
Planning and development	<u>-</u>	<u>612,136</u>	<u>-</u>
	<u>4,404,606</u>	<u>8,906,855</u>	<u>6,404,263</u>
Total Expenditures	<u>33,662,164</u>	<u>37,627,856</u>	<u>33,892,906</u>
<b>Net revenues (expenditures)</b>	<u>(22,909)</u>	<u>1,340,872</u>	<u>605,818</u>
Increase (decrease) in temporary borrowings	-	-	(1,042,896)
Long-term debt issued	-	381,525	3,789,316
Debt principal repayments	-	(764,270)	(644,429)
Increase (decrease) in employee benefits	-	(663)	(225,360)
Landfill closure and post-closure	<u>-</u>	<u>269,527</u>	<u>-</u>
<b>Increase (Decrease) in Amounts to be Recovered</b>	<u>-</u>	<u>(113,881)</u>	<u>1,876,631</u>
<b>Change in Fund Balances</b>	<u>\$ (22,909)</u>	<u>\$ 1,226,991</u>	<u>\$ 2,482,449</u>

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

**Corporation of the Municipality of West Nipissing**  
**Consolidated Statement of Changes in Financial Position**  
**For The Year Ended December 31, 2008**

	<u>2008</u>	<u>2007</u>
<b>Operations</b>		
Net revenues (expenditures)	<u>\$ 1,340,872</u>	<u>\$ 605,818</u>
Uses:		
Increase in taxes receivable	(342,795)	(100,907)
Increase in accounts receivable	(1,338,537)	-
Increase in accounts payable and accrued liabilities	(87,169)	-
Increase in other current liabilities	-	(53,111)
Decrease in employee benefits payable	(663)	(225,360)
	<u>(1,769,164)</u>	<u>(379,378)</u>
Sources:		
Increase in accounts receivable	-	1,330,372
Decrease in other current assets	32,773	15,910
Increase in other current liabilities	486,137	-
Increase in landfill closure and post-closure	269,527	-
Increase in accounts payable and accrued liabilities	-	248,024
Increase in deferred revenue - other	651,818	25,686
	<u>1,440,255</u>	<u>1,619,992</u>
Net Increase in Cash from Operations	<u>1,011,963</u>	<u>1,846,432</u>
<b>Net Investing</b>		
Decrease (increase) in investment in subsidiaries	<u>(363,319)</u>	<u>139,403</u>
<b>Financing</b>		
Increase (decrease) in temporary borrowings	(800,000)	(2,167,896)
Long-term debt issued	381,525	3,789,316
Long-term debt repaid	(764,270)	(644,429)
Net Increase (Decrease) in Cash from Financing	<u>(1,182,745)</u>	<u>976,991</u>
<b>Net Change in Cash</b>	<b>(534,101)</b>	<b>2,962,826</b>
<b>Cash, Beginning of Year</b>	<u><b>5,050,549</b></u>	<u><b>2,087,723</b></u>
<b>Cash, End of Year</b>	<u><u><b>\$ 4,516,448</b></u></u>	<u><u><b>\$ 5,050,549</b></u></u>

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

**Corporation of the Municipality of West Nipissing**  
**Consolidated Schedule of Current Fund Operations**  
**For The Year Ended December 31, 2008**

	<u>2008</u>		<u>2007</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(see note 18)		
<b>Revenues</b>			
Net municipal taxation and user charges	\$ 19,238,175	\$ 17,576,538	\$ 17,155,308
Government transfers (note 11)	9,268,499	13,261,369	11,248,853
Equity in earnings of subsidiaries (note 4)	-	363,319	(139,403)
Other	<u>2,037,974</u>	<u>1,691,119</u>	<u>1,902,855</u>
Total Revenues	<u>30,544,648</u>	<u>32,892,345</u>	<u>30,167,613</u>
<b>Expenditures</b>			
General government	2,210,060	2,049,277	2,230,204
Protection services	4,286,621	4,378,934	3,892,058
Transportation services	3,818,957	3,814,917	3,548,633
Environmental services	4,278,754	4,182,671	3,736,809
Health services	354,100	325,381	289,370
Social and family services	11,119,263	10,461,941	10,336,026
Recreation and cultural services	2,586,134	2,913,649	2,829,527
Planning and development	<u>603,669</u>	<u>594,231</u>	<u>626,016</u>
Total Expenditures	<u>29,257,558</u>	<u>28,721,001</u>	<u>27,488,643</u>
<b>Net Revenues</b>	<u>1,287,090</u>	<u>4,171,344</u>	<u>2,678,970</u>
<b>Financing and Transfers</b>			
Debt principal repayments	-	(764,270)	(644,429)
Increase (decrease) in employee benefits	-	(663)	(225,360)
Landfill closure and post-closure	-	269,527	-
Transfers to capital fund	(654,090)	(446,638)	(494,325)
Transfers to reserves	<u>(633,000)</u>	<u>(2,796,259)</u>	<u>(961,391)</u>
Net Financing and Transfers	<u>(1,287,090)</u>	<u>(3,738,303)</u>	<u>(2,325,505)</u>
<b>Change in Current Fund Balance</b>	-	433,041	353,465
<b>Current Fund Balance, Beginning of Year</b>	<u>839,890</u>	<u>1,193,355</u>	<u>839,890</u>
<b>Current Fund Balance, End of Year (note 12(a))</b>	<u>\$ 839,890</u>	<u>\$ 1,626,396</u>	<u>\$ 1,193,355</u>

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

**Corporation of the Municipality of West Nipissing**  
**Consolidated Schedule of Capital Fund Operations**  
**For The Year Ended December 31, 2008**

	<u>2008</u>		<u>2007</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(see note 18)		
<b>Revenues</b>			
Government transfers (note 11)	\$ 3,094,607	\$ 5,931,468	\$ 4,307,981
Other	<u>-</u>	<u>131,005</u>	<u>6,717</u>
Total Revenues	<u>3,094,607</u>	<u>6,062,473</u>	<u>4,314,698</u>
<b>Expenditures</b>			
General government	56,200	45,660	23,468
Protection services	120,000	155,955	281,432
Transportation services	3,661,741	2,960,872	2,342,060
Environmental services	407,000	4,478,232	3,091,361
Social and family services	159,665	137,839	603,370
Recreation and cultural services	-	516,161	62,572
Planning and development	<u>-</u>	<u>612,136</u>	<u>-</u>
Total Expenditures	<u>4,404,606</u>	<u>8,906,855</u>	<u>6,404,263</u>
<b>Net Expenditures</b>	<u>(1,309,999)</u>	<u>(2,844,382)</u>	<u>(2,089,565)</u>
<b>Financing and Transfers</b>			
Increase (decrease) in temporary borrowings	-	-	(1,042,896)
Long-term debt issued	-	381,525	3,789,316
Transfers from current fund	654,090	446,638	494,325
Transfers from (to) reserve fund	<u>639,665</u>	<u>469,164</u>	<u>(167,690)</u>
Net Financing and Transfers	<u>1,293,755</u>	<u>1,297,327</u>	<u>3,073,055</u>
<b>Change in Capital Fund Balance</b>	(16,244)	(1,547,055)	983,490
<b>Capital Fund Balance, Beginning of Year</b>	<u>1,654,539</u>	<u>1,654,539</u>	<u>671,049</u>
<b>Capital Fund Balance, End of Year (note 12(b))</b>	<u>\$ 1,638,295</u>	<u>\$ 107,484</u>	<u>\$ 1,654,539</u>

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

**Corporation of the Municipality of West Nipissing**  
**Consolidated Schedule of Reserves**  
**For The Year Ended December 31, 2008**

	<u>2008</u>		<u>2007</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(see note 18)		
<b>Revenues</b>			
Donations	\$ -	\$ 4,247	\$ 3,566
Interest	<u>-</u>	<u>9,663</u>	<u>12,847</u>
	<u>-</u>	<u>13,910</u>	<u>16,413</u>
Transfers from (to) Capital Fund	(639,665)	(469,164)	167,690
Transfers from Current Fund	<u>633,000</u>	<u>2,796,259</u>	<u>961,391</u>
Net Transfers	<u>(6,665)</u>	<u>2,327,095</u>	<u>1,129,081</u>
<b>Change in Reserves</b>	(6,665)	2,341,005	1,145,494
<b>Reserves, Beginning of Year</b>	<u>4,112,732</u>	<u>4,112,732</u>	<u>2,967,238</u>
<b>Reserves, End of Year</b>	<u>\$ 4,106,067</u>	<u>\$ 6,453,737</u>	<u>\$ 4,112,732</u>
<b>Analyzed as follows:</b>			
<b>Reserves set aside for specific purposes:</b>			
Working capital		\$ 1,741,737	\$ 1,323,537
Sick leave benefits		346,792	338,442
Library services		230,678	203,781
Health services		52,193	56,118
Road maintenance and equipment		422,694	224,868
Protection services		235,162	172,215
Acquisition of capital assets		1,204,283	846,951
Housing project		1,275,938	-
Recreation services		455,066	467,581
Environmental services		438,525	309,086
Federal gas tax		<u>50,669</u>	<u>170,153</u>
<b>Total Reserves</b>		<u>\$ 6,453,737</u>	<u>\$ 4,112,732</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, 2008**

**1. Accounting Policies**

The consolidated financial statements of the municipality are the representations of management prepared in accordance with accounting policies recommended by the Public Sector Accounting Board and 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 judgements.

(a) Basis of Consolidation

- (i) These consolidated statements reflect the financial assets, liabilities, revenues and expenditures of the current fund, capital fund and reserves and include the activities of all committees of Council and 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 74.46% for 2008 (74.64% for 2007).

- (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

- (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.

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2008**

**1. Accounting Policies (Continued)**

(a) Basis of Consolidation (Continued)

(v) Accounting for School Board Transactions

The 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 consolidated 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) 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) Reserves

Certain amounts, as approved by municipal council, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

(iii) 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.

(iv) Amounts to be Recovered from Future Revenues

Amounts to be recovered from future revenues, which are part of the municipal position, include municipal debt, employee benefits payable and landfill closure and post-closure liabilities.

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2008**

**2. New Accounting Policy**

**Segment Disclosures**

The Canadian Institute of Chartered Accountants issued Public Sector Handbook Section 2700, Segment Disclosures, dealing with the presentation and disclosure of segment information effective for the 2008 fiscal year. The presentation standards require the identification of segments within the municipality and of the following:

- (a) the basis for identifying segments, the nature of segments and the activities they encompass, and the method of significant allocations to segments;
- (b) segment expense by major object or category;
- (c) segment revenue by source and type; and
- (d) a reconciliation between the information disclosed for segments and the consolidated information in the financial statements.

**3. Future Accounting and Reporting Changes**

The Public Sector Accounting Board (PSAB) has developed new standards which will have an impact on the municipality's financial statements in the upcoming year. They include:

**Accounting and Reporting of Tangible Capital Assets**

The tangible capital assets of the municipality include roads, buildings, vehicles, equipment, land, water and other utility systems, and computer hardware and software, and bridges. Major categories of tangible capital assets are determined by type of asset, such as land, buildings, equipment, roads, water and other utility systems, and bridges.

The municipality currently reports tangible capital assets as an expenditure on the Consolidated Statement of Financial Activities in the year of acquisition. Starting January 1st, 2009, the municipality will report and account for these tangible capital assets as assets on the Consolidated Statement of Financial Position, with the amortization of the costs of these tangible capital assets to be accounted for as expenses in the Consolidated Statement of Financial Activities.

As at December 31, 2008 the municipality was in the advanced stages of accumulating the information for the disclosure of tangible assets.

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2008**

**3. Future Accounting and Reporting Changes (Continued)**

In accordance with the Canadian Institute of Chartered Accountants Public Sector Accounting Handbook (PSG-7), the municipality would disclose the following information for each major category of tangible capital assets and in total:

- (a) cost at the beginning and end of the period;
- (b) additions in the period;
- (c) disposals in the period;
- (d) the amount of any write-downs in the period;
- (e) the amount of amortization of the costs of tangible capital assets for the period;
- (f) accumulated amortization at the beginning and end of the period; and
- (g) net carrying amount at the beginning and end of the period.

The municipality would also disclose the following information about tangible capital assets:

- (a) the method used for determining the cost of each major category of tangible capital assets;
- (b) the amortization method used, including the amortization period or rate for each major category of tangible capital assets;
- (c) the net book value of tangible capital assets not being amortized because they are under construction or development or have been removed from service;
- (d) the nature and amount of contributed tangible capital assets received in the period;
- (e) the nature and use of tangible capital assets disclosed at nominal value;
- (f) the nature of the works of art and historical treasures held by the government; and
- (g) the amount of interest included in the cost in the period.

As previously stated the municipality is excluded from these disclosures until the relevant information about the complete stock of tangible capital assets can be provided.

# Corporation of the Municipality of West Nipissing

## Notes to the Consolidated Financial Statements

December 31, 2008

### 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>2008</u>	<u>2007</u>
<b>Financial Position:</b>		
Current assets	\$ 356,170	\$ 556,784
Property, plant and vehicles	829,830	687,979
Other assets	<u>184,920</u>	<u>185,359</u>
Total assets	<u>1,370,920</u>	<u>1,430,122</u>
Current liabilities	355,388	437,394
Other liabilities	<u>1,147,071</u>	<u>773,504</u>
Total liabilities	<u>1,502,459</u>	<u>1,210,898</u>
Net equity (deficiency)	<u>\$ (131,539)</u>	<u>\$ 219,224</u>
	<u>2008</u>	<u>2007</u>
<b>Results of Operations:</b>		
Revenues	\$ 1,368,800	\$ 1,309,514
Expenditures	1,429,643	1,302,657
Income taxes	<u>-</u>	<u>1,277</u>
Net income (loss)	<u>(60,843)</u>	<u>5,580</u>
Effect of change in estimate for landfill site liability	<u>(289,920)</u>	<u>-</u>
Increase (decrease) in equity	<u>\$ (350,763)</u>	<u>\$ 5,580</u>

The financial information presented is for the year ended August 31, 2008. The financial information presented has not been updated to reflect transactions to December 31, 2008 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 of September 1 to December 31, 2008 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, 2008

### 4. Investments in Subsidiaries (Continued)

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

	<u>2008</u>	<u>2007</u>
<b>Financial Position:</b>		
Current assets	\$ 1,513,727	\$ 1,573,247
Property, plant and equipment	1,327,682	1,236,316
Other assets	<u>171,001</u>	<u>-</u>
Total assets	<u>3,012,410</u>	<u>2,809,563</u>
Current liabilities	938,093	1,243,680
Other liabilities	<u>719,659</u>	<u>925,307</u>
Total liabilities	<u>1,657,752</u>	<u>2,168,987</u>
Net equity	<u>\$ 1,354,658</u>	<u>\$ 640,576</u>
<b>Results of Operations:</b>		
Revenues	\$ 2,673,122	\$ 2,086,820
Expenditures	1,579,231	1,552,563
Income taxes	<u>301,884</u>	<u>129,240</u>
Net income	792,007	405,017
Dividends	<u>(77,925)</u>	<u>(550,000)</u>
Increase (decrease) in equity	<u>\$ 714,082</u>	<u>\$ (144,983)</u>

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

	<u>2008</u>	<u>2007</u>
<b>Financial Position:</b>		
Other assets	<u>\$ 10</u>	<u>\$ 10</u>
Net equity	<u>\$ 10</u>	<u>\$ 10</u>
<b>Results of Operations:</b>		
Revenues	\$ 77,925	\$ 550,000
Expenditures	<u>-</u>	<u>-</u>
Net income	77,925	550,000
Dividends	<u>(77,925)</u>	<u>(550,000)</u>
Change in equity	<u>\$ -</u>	<u>\$ -</u>

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2008**

**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, 2008, the municipality has utilized \$ - (2007 - \$800,000) . The interest is calculated at the bank's prime lending rate.

**6. Municipal Debt**

	<u>2008</u>	<u>2007</u>
Term loan, repayable in monthly instalments of \$7,216, including interest at the fixed rate of 5.09%, due June 23, 2013	\$ 347,585	\$ -
Demand loan, repayable in monthly instalments of \$66,179, including interest at the fixed rate of 5.21%, due August 17, 2027	9,260,738	9,535,553
Demand loan, repayable in monthly instalments of \$11,658, including interest at the fixed rate of 4.6%, due January 25, 2009	1,323,009	1,391,750
Demand loan, repayable in monthly instalments of \$25,343, including interest at the fixed rate of 4.55%, due January 25, 2009	828,779	1,078,761
Term loan, repayable in monthly instalments of \$12,646, including interest at the fixed rate of 4.6%, due April 2017, secured by a general security agreement on the assets of the Home for the Aged	1,658,509	1,737,968
Term loan, repayable in monthly instalments of \$4,778, plus interest at the rate of 5%, due June 25, 2010, secured by building	<u>86,000</u>	<u>143,333</u>
	<u>\$ 13,504,620</u>	<u>\$ 13,887,365</u>

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2008**

**6. Municipal Debt (Continued)**

Subsequent to year-end, the three demand loans were renewed for an additional one year period.

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

2009	\$ 859,214
2010	877,663
2011	858,934
2012	617,966
2013	608,259
Thereafter	<u>9,682,584</u>
Total	<u>\$ 13,504,620</u>

**7. Employee 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>2008</u>	<u>2007</u>
Accumulated sick leave entitlements	<u>\$ 577,414</u>	<u>\$ 578,077</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 \$346,792 (2007 - \$338,442).

**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, 2008**

**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	
		2008	2007	2008	2007	2008	2007
Clear Lake	9 years	182,049	115,667	221,511	168,912	39,462	53,245
Caldwell	25 years	95,691	176,094	151,325	259,747	55,634	83,653
Kipling	13 years	99,950	-	213,797	-	113,847	-
Badgerow	15 years	89,795	-	213,797	-	124,002	-
River Valley	14 years	<u>93,803</u>	<u>-</u>	<u>213,797</u>	<u>-</u>	<u>119,994</u>	<u>-</u>
		<u>561,288</u>	<u>291,761</u>	<u>1,014,227</u>	<u>428,659</u>	<u>452,939</u>	<u>136,898</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.

**9. Amounts to be Recovered in Future Years**

The amounts to be recovered in future years reported on the Consolidated Statement of Financial Position are comprised of:

	<u>2008</u>	<u>2007</u>
Capital outlay to be recovered in future years		
Net long term liabilities	<b>\$ 13,504,620</b>	\$ 13,887,365
Amounts to be financed in future years		
Accumulated sick leave entitlements	<b>577,414</b>	578,077
Landfill closure and post-closure	<u><b>561,288</b></u>	<u>291,761</u>
	<u><b>\$ 14,643,322</b></u>	<u><b>\$ 14,757,203</b></u>

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2008**

**10. 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, 2008, 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 contingencies will be accounted for in the periods in which the matters 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.

**11. Government Transfers**

The following government transfers have been included in revenues:

	<u>2008</u>	<u>2007</u>
Current Transfers:		
Federal	\$ 55,388	\$ 58,460
Provincial	<u>13,205,981</u>	<u>11,190,393</u>
	<u>13,261,369</u>	<u>11,248,853</u>
Capital Transfers:		
Federal	2,504,563	1,982,547
Provincial	<u>3,426,905</u>	<u>2,325,434</u>
	<u>5,931,468</u>	<u>4,307,981</u>
	<u>\$ 19,192,837</u>	<u>\$ 15,556,834</u>

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2008**

**12. Municipal Fund Balances at the End of the Year**

(a) **Current Fund:**

The current fund surplus of \$1,626,396 (2007 - \$1,193,355) at the end of the year is comprised of the following:

	<u>2008</u>	<u>2007</u>
• General Government	\$ 4,292	\$ 81,347
• West Nipissing Water and Sewer	389,470	246,424
• West Nipissing Power Generation Ltd.	1,354,658	640,576
• Home for the Aged of West Nipissing	9,505	5,774
• West Nipissing Environmental Services Ltd.	(131,539)	219,224
• West Nipissing Power Distribution Ltd.	<u>10</u>	<u>10</u>
	<u>\$ 1,626,396</u>	<u>\$ 1,193,355</u>

(b) **Capital Fund:**

The unexpended capital funds of \$107,484 (2007 - \$1,654,539) at the end of the year is comprised of the following:

	<u>2008</u>	<u>2007</u>
Capital projects to be recovered from :		
• long-term debt	\$ (505,798)	\$ -
Unexpended capital financing to be used for :		
• water and sewer projects	-	762,419
• economic development	58,439	-
• transportation projects	<u>554,843</u>	<u>892,120</u>
	<u>\$ 107,484</u>	<u>\$ 1,654,539</u>

# Corporation of the Municipality of West Nipissing

## Notes to the Consolidated Financial Statements

December 31, 2008

### 13. Operations of School Boards

Further to note 1(a)(v), the taxation, other revenues and expenditures of the school boards are comprised of the following:

	<u>2008</u>	<u>2007</u>
Taxation and user charges	\$ 2,743,453	\$ 2,673,489
Grants	<u>14,298</u>	<u>14,435</u>
Total amounts received or receivable	2,757,751	2,687,924
Requisitions	<u>2,757,751</u>	<u>2,687,924</u>
	<u>\$ -</u>	<u>\$ -</u>

### 14. Trust Funds

Trust funds administered by the municipality amounting to \$77,792 (2007 - \$76,439) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

### 15. 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 2008 was \$645,825 (2007 - \$597,335) for current services and is included as an expenditure on the Consolidated Statement of Financial Activities.

On January 1, 2008, the yearly maximum pensionable earnings increased to \$44,900 from \$43,700 in 2007. The contributions are calculated at a rate of 6.5% for the amount up to the yearly maximum pensionable earnings stated above and at a rate of 9.6% for the amount above the yearly maximum pensionable earnings.

**Corporation of the Municipality of West Nipissing**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2008**

**16. Debt Charges**

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

	<u>2008</u>	<u>2007</u>
Principal payments on long-term liabilities	\$ 764,270	\$ 644,429
Interest payments on long-term liabilities	<u>768,143</u>	<u>225,817</u>
	<u>\$ 1,532,413</u>	<u>\$ 870,246</u>

**17. Subsequent event**

On March 11, 2009 the municipality secured a term loan of \$2,000,000 to finance Water and Sewer Projects, repayable in monthly instalments of \$12,438, including interest at the fixed rate of 3.00% and stamping fee of 1.30%, maturing March 10, 2019.

**18. Budget Figures**

Budget figures have been derived from the budget approved by the Council members and are unaudited.

**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, 2008**

**20. Segmented Information**

	<u>General Government</u>	<u>Protection Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Planning and Development</u>	<u>2008 Total</u>	<u>2007 Total</u>
<b>Current Fund Expenditures</b>										
Salaries, wages and employee benefits	997,560	3,564,700	1,534,526	890,190	6,163	5,628,383	1,819,005	325,281	14,765,808	14,205,391
Materials, contracted services, rents, and financial expenses	1,051,717	814,234	2,280,391	3,292,481	14,187	697,916	1,094,644	268,950	9,514,520	9,387,375
Transfers to other governments and the public	-	-	-	-	305,031	4,135,642	-	-	4,440,673	3,895,877
	<u>2,049,277</u>	<u>4,378,934</u>	<u>3,814,917</u>	<u>4,182,671</u>	<u>325,381</u>	<u>10,461,941</u>	<u>2,913,649</u>	<u>594,231</u>	<u>28,721,001</u>	<u>27,488,643</u>
<b>Capital Fund Expenditures</b>										
Materials, contracted services, rents, and financial expenses	45,660	155,955	2,960,872	4,478,232	-	137,839	516,161	612,136	8,906,855	6,404,263
	<u>2,094,937</u>	<u>4,534,889</u>	<u>6,775,789</u>	<u>8,660,903</u>	<u>325,381</u>	<u>10,599,780</u>	<u>3,429,810</u>	<u>1,206,367</u>	<u>37,627,856</u>	<u>33,892,906</u>

## **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, 2008 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, 2008 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, 2009

CHARTERED ACCOUNTANTS,  
LICENSED PUBLIC ACCOUNTANTS

**Corporation of the Municipality of West Nipissing**  
**Trust Funds - Statement of Continuity**  
**For The Year Ended December 31, 2008**

	2008			2007
	Ontario Home Renewal Program	Cemetery Care and Maintenance Fund	Total	Total
Balance, beginning of year	\$ 5,819	\$ 70,620	\$ 76,439	\$ 82,071
Investment income	-	3,044	3,044	4,413
Sale of plots and marker installations	-	2,620	2,620	3,710
	5,819	76,284	82,103	90,194
Expenditures				
Administration fees	64	-	64	561
Funds returned - Ministry of Municipal Affairs and Housing	1,203	-	1,203	8,781
Transfer to current fund of the Corporation of the Municipality of West Nipissing	-	3,044	3,044	4,413
	1,267	3,044	4,311	13,755
Balance, end of year	\$ 4,552	\$ 73,240	\$ 77,792	\$ 76,439

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, 2008**

	2008			2007
	Ontario Home Renewal Program	Cemetery Care and Maintenance Fund	Total	Total
<b>Assets</b>				
Cash and term deposits	\$ 1,305	\$ 105,139	\$ 106,444	\$ 149,990
Loans receivable	<u>4,552</u>	<u>-</u>	<u>4,552</u>	<u>5,819</u>
	<u>\$ 5,857</u>	<u>\$ 105,139</u>	<u>\$ 110,996</u>	<u>\$ 155,809</u>
<b>Liabilities</b>				
Due to the Municipality of West Nipissing	\$ 102	\$ 31,899	\$ 32,001	\$ 70,589
Due to Ministry of Municipal Affairs and Housing	<u>1,203</u>	<u>-</u>	<u>1,203</u>	<u>8,781</u>
	<u>1,305</u>	<u>31,899</u>	<u>33,204</u>	<u>79,370</u>
<b>Fund Equity</b>				
Capital	<u>4,552</u>	<u>73,240</u>	<u>77,792</u>	<u>76,439</u>
	<u>\$ 5,857</u>	<u>\$ 105,139</u>	<u>\$ 110,996</u>	<u>\$ 155,809</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, 2008**

**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.