

Township of Bonnechere Valley

Financial Report

For the year ended 31 December 2008

MACKILLICAN & ASSOCIATES
CHARTERED ACCOUNTANTS

252 Raglan Street S.
Renfrew, Ontario

AUDITORS' REPORT

To the Members of Council,
Inhabitants and Ratepayers of the
Township of Bonnechere Valley.

We have audited the consolidated statement of financial position of the Township of Bonnechere Valley as at 31 December 2008, and the consolidated statements of financial activities and cash flows and the schedules of current fund operations, reserves and capital fund operations for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Township of Bonnechere Valley as at 31 December 2008, and the results of its operations and cash flows for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

MacKillican & Associates

RENFREW, Ontario.

23 February 2009.

Chartered Accountants,

Licensed Public Accountants.

Township of Bonnechere Valley

Consolidated Statement of Financial Position

As at 31 December 2008

(with 2007 figures for comparison)

| | <u>2008</u> | <u>2007</u> |
|---------------------------------------------|-----------------------|-----------------------|
| ASSETS | | |
| Cash | \$ 679,778 | \$ 556,901 |
| Taxes receivable | 406,183 | 324,123 |
| Accounts receivable | 159,024 | 165,903 |
| Notes receivable (Note 4) | 1,218,551 | 1,392,156 |
| Other current assets | <u>117,599</u> | <u>4,331</u> |
| | <u>\$ 2,581,135</u> | <u>\$ 2,443,414</u> |
| LIABILITIES AND MUNICIPAL POSITION | | |
| Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 192,207 | \$ 312,977 |
| Deferred revenue | 179,070 | |
| Solid waste landfill closure costs (Note 7) | 1,480,500 | 1,563,500 |
| Accrued vacation pay | 30,247 | 21,839 |
| Net long term liabilities (Note 5) | <u>1,515,665</u> | <u>1,133,575</u> |
| | <u>\$ 3,397,689</u> | <u>\$ 3,031,891</u> |
| Municipal position: | | |
| Fund balances: | | |
| Current fund | \$ 23,192 | \$ 99,892 |
| Capital fund | (126,000) | |
| Library | 18,502 | 30,601 |
| Reserves | <u>2,294,164</u> | <u>1,999,944</u> |
| Fund balances | <u>\$ 2,209,858</u> | <u>\$ 2,130,437</u> |
| Amounts to be recovered: (Note 1(k)) | | |
| Net long term liabilities | \$ (1,515,665) | \$ (1,133,575) |
| Solid waste landfill closure costs | (1,480,500) | (1,563,500) |
| Accrued vacation pay | <u>(30,247)</u> | <u>(21,839)</u> |
| | <u>\$ (3,026,412)</u> | <u>\$ (2,718,914)</u> |
| Municipal position | <u>\$ (816,554)</u> | <u>\$ (588,477)</u> |
| | <u>\$ 2,581,135</u> | <u>\$ 2,443,414</u> |

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Bonnechere Valley

Consolidated Statement of Financial Activities

For the year ended 31 December 2008
(with 2008 budget and 2007 actual figures for comparison)

| | Budget 2008 | Actual 2008 | Actual 2007 |
|-----------------------------------------|---------------------|---------------------|---------------------|
| Revenue: | | | |
| Net municipal taxation and user charges | \$ 2,691,423 | \$ 2,703,224 | \$ 2,566,314 |
| Transfer payments: | | | |
| Ontario | 2,318,286 | 2,398,454 | 1,881,681 |
| Canada | 20,183 | 22,451 | 12,145 |
| Other municipalities | 47,983 | 79,092 | 141,891 |
| Other | <u>674,119</u> | <u>830,491</u> | <u>1,083,398</u> |
| | <u>\$ 5,751,994</u> | <u>\$ 6,033,712</u> | <u>\$ 5,685,429</u> |
| Expenditure: | | | |
| Current: | | | |
| General government | \$ 606,851 | \$ 698,838 | \$ 498,895 |
| Protection to persons and property | 734,864 | 686,173 | 739,684 |
| Transportation services | 1,248,009 | 1,238,804 | 1,471,769 |
| Environmental services | 1,000,780 | 983,636 | 975,722 |
| Health | 4,000 | 3,600 | |
| Recreation and cultural services | 541,606 | 533,560 | 485,534 |
| Planning and development | <u>21,350</u> | <u>51,875</u> | <u>64,931</u> |
| | <u>\$ 4,157,460</u> | <u>\$ 4,196,486</u> | <u>\$ 4,236,535</u> |
| Capital: | | | |
| General government | | | \$ 11,813 |
| Protection to persons and property | \$ 155,940 | \$ 175,458 | 44,125 |
| Transportation services | 1,381,141 | 1,381,723 | 655,315 |
| Environmental services | 623,346 | 519,554 | 331,957 |
| Recreation | <u>52,000</u> | <u>63,161</u> | <u>307,004</u> |
| | <u>\$ 2,212,427</u> | <u>\$ 2,139,896</u> | <u>\$ 1,350,214</u> |
| Total expenditure | <u>\$ 6,369,887</u> | <u>\$ 6,336,382</u> | <u>\$ 5,586,749</u> |
| Net surplus (deficit) for the year | <u>\$ (617,893)</u> | <u>\$ (302,670)</u> | <u>\$ 98,680</u> |
| Financing: | | | |
| Loan proceeds | \$ 805,000 | \$ 659,945 | \$ 400,670 |
| Less debt principal repayments | <u>(287,000)</u> | <u>(277,854)</u> | <u>(385,775)</u> |
| | <u>\$ 518,000</u> | <u>\$ 382,091</u> | <u>\$ 14,895</u> |
| Change in fund balances during the year | <u>\$ (99,893)</u> | <u>\$ 79,421</u> | <u>\$ 113,575</u> |

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Bonnechere Valley

Schedule of Current Fund Operations

For the year ended 31 December 2008

(with 2008 budget and 2007 actual figures for comparison)

| | Budget 2008 | Actual 2008 | Actual 2007 |
|---------------------------------------------------|---------------------|---------------------|---------------------|
| Revenue: | | | |
| Net municipal taxation | \$ 2,691,423 | \$ 2,703,224 | \$ 2,566,314 |
| Transfer payments: | | | |
| Ontario | 1,289,989 | 1,312,827 | 1,328,542 |
| Canada | 12,000 | 12,180 | |
| Other municipalities | 22,560 | 53,669 | 78,156 |
| Other | <u>603,795</u> | <u>703,509</u> | <u>736,829</u> |
| | <u>\$ 4,619,767</u> | <u>\$ 4,785,409</u> | <u>\$ 4,709,841</u> |
| Expenditure: | | | |
| General government | \$ 606,850 | \$ 698,838 | \$ 498,895 |
| Protection to persons and property | 734,864 | 686,173 | 739,684 |
| Transportation services | 1,248,009 | 1,238,804 | 1,471,769 |
| Environmental services | 1,000,780 | 983,636 | 975,722 |
| Health | 4,000 | 3,600 | |
| Recreation and cultural services | 477,720 | 450,824 | 399,128 |
| Planning and development | <u>21,350</u> | <u>51,875</u> | <u>64,931</u> |
| | <u>\$ 4,093,573</u> | <u>\$ 4,113,750</u> | <u>\$ 4,150,129</u> |
| Net surplus for the year | <u>\$ 526,194</u> | <u>\$ 671,659</u> | <u>\$ 559,712</u> |
| Financing and transfers: | | | |
| Transfer to capital fund | \$ (339,086) | \$ (176,285) | \$ (60,300) |
| Transfer to reserves | | (294,220) | (885) |
| Debt principal repayments | <u>(287,000)</u> | <u>(277,854)</u> | <u>(385,775)</u> |
| Net financing and transfers | <u>\$ (626,086)</u> | <u>\$ (748,359)</u> | <u>\$ (446,960)</u> |
| Change in current fund balance during the year | \$ (99,892) | \$ (76,700) | \$ 112,752 |
| Current fund balance at the beginning of the year | <u>99,892</u> | <u>99,892</u> | <u>(12,860)</u> |
| Current fund balance at the end of the year | <u>\$ -</u> | <u>\$ 23,192</u> | <u>\$ 99,892</u> |

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Bonnechere Valley

Schedule of Reserves

For the year ended 31 December 2008
(with 2007 figures for comparison)

| | <u>2008</u> | <u>2007</u> |
|-----------------------------------------------|---------------------|---------------------|
| Transfers from other funds: | | |
| Transfer from current fund | \$ 294,220 | \$ 885 |
| Reserve balances at the beginning of the year | <u>1,999,944</u> | <u>1,999,059</u> |
| Reserve balances at the end of the year | <u>\$ 2,294,164</u> | <u>\$ 1,999,944</u> |
| Analized as follows: | | |
| Reserves set aside for specific purposes: | | |
| Working capital - current fund | \$ 336,550 | \$ 336,550 |
| Insurance | 10,000 | 10,000 |
| Protection | 17,687 | 17,687 |
| Transportation | 83,167 | 100,736 |
| Environmental | 74,846 | |
| Recreation - facilities | 45,208 | 7,311 |
| - parks | 9,463 | 9,463 |
| Water and sewer capital | 296,667 | 97,621 |
| Hydro generation | <u>1,420,576</u> | <u>1,420,576</u> |
| | <u>\$ 2,294,164</u> | <u>\$ 1,999,944</u> |

(See accompanying notes)

Township of Bonnechere Valley

Schedule of Capital Fund Operations

For the year ended 31 December 2008
(with 2007 figures for comparison)

| | 2008 | 2007 |
|---------------------------------------------|---------------------|---------------------|
| Revenue: | | |
| Province of Ontario | \$ 1,067,811 | \$ 532,742 |
| Federal gas tax rebate | 58,341 | |
| Other municipalities | | 49,269 |
| Miscellaneous other | 37,468 | |
| Sale of land | | <u>274,691</u> |
| | <u>\$ 1,163,620</u> | <u>\$ 856,702</u> |
| Expenditure: | | |
| General government | | \$ 11,813 |
| Protection to persons and property | \$ 175,458 | 44,125 |
| Transportation services | 1,381,723 | 655,315 |
| Environmental services | 519,554 | 331,957 |
| Recreation and cultural services | <u>63,161</u> | <u>307,004</u> |
| Total expenditure | <u>\$ 2,139,896</u> | <u>\$ 1,350,214</u> |
| Net deficit for the year | <u>\$ (976,276)</u> | <u>\$ (493,512)</u> |
| Financing and transfers: | | |
| Proceeds from long term debt | \$ 659,945 | \$ 400,670 |
| Transfer from library fund | 14,046 | 32,542 |
| Transfer from current fund | <u>176,285</u> | <u>60,300</u> |
| Net financing and transfers | <u>\$ 850,276</u> | <u>\$ 493,512</u> |
| Capital fund balance at the end of the year | <u>\$ (126,000)</u> | <u>\$ -</u> |

(See accompanying notes)

Township of Bonnechere Valley

Consolidated Statement of Cash Flows

For the year ended 31 December 2008
(with 2007 figures for comparison)

| | 2008 | 2007 |
|------------------------------------------------------------------------|--------------|------------|
| Cash flows from operating activities: | | |
| Net surplus (deficit) for the year | \$ (302,670) | \$ 98,680 |
| Net change in non cash working capital balances related to operations: | | |
| - decrease (increase) in taxes receivable | \$ (82,060) | \$ 24,984 |
| - decrease (increase) in accounts receivable | 6,879 | 196,836 |
| - decrease (increase) in inventory | (362) | (61) |
| - decrease (increase) in notes receivable | 173,605 | 66,994 |
| - increase (decrease) in accounts payable and accrued liabilities | (120,770) | (175,716) |
| - increase (decrease) in deferred revenue | 179,070 | |
| - decrease (increase) in prepaid expenses | (112,906) | (288) |
| | \$ 43,456 | \$ 112,749 |
| Cash flows from (used for) operating activities | \$ (259,214) | \$ 211,429 |
| Cash flows from financing activities: | | |
| Proceeds from long term debt | \$ 659,945 | \$ 400,670 |
| Long term debt repaid | (277,854) | (385,775) |
| Cash flows from financing activities | \$ 382,091 | \$ 14,895 |
| Net increase in cash and cash equivalents during the year | \$ 122,877 | \$ 226,324 |
| Cash and cash equivalents at the beginning of the year | 556,901 | 330,577 |
| Cash and cash equivalents at the end of the year | \$ 679,778 | \$ 556,901 |
| Comprised of: | | |
| Cash | \$ 679,778 | \$ 556,901 |

(See accompanying notes)

Township of Bonnechere Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2008

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of Bonnechere Valley are the representation of management prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Reporting Entity

- (i) The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the revenue fund, capital fund and reserve funds of the Township. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. Interdepartmental and interorganizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include:

- Bonnechere Union Public Library Board

- (ii) Funds within the consolidated financial statements consist of current, capital and reserve funds. Transfers between the funds are recorded as adjustments to the appropriate municipal fund balance.
- (iii) Accounting for County and School Board Transactions
The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the county and school boards are not reflected in the municipal fund balances of these financial statements.
- (iv) Trust funds and their related operations administered by the Township are not included in these financial statements but are reported separately on the Trust Funds Statement of Continuity and Statement of Financial Position.
- (v) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of interest charges on long term liabilities which are charged against operations in the period in which they are paid.

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 receipts of goods or services and the creation of a legal obligation to pay.

(b) Capital Assets

The historical cost and accumulated amortization of capital assets are not reported for municipal purposes. Capital assets are reported as expenditures on the "Consolidated Statement of Financial Activities" in the year of acquisition.

(c) Government Transfers

Government transfers are recognized in the financial statements in the period in which the 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.

Township of Bonnechere Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2008

(d) Investment Income

Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on externally restricted funds is added to the fund balance and forms part of the respective deferred revenue balance.

(e) Reserves and Reserve Funds

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

(f) Deferred Revenue

Certain amounts are received pursuant to regulations or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(g) Deferred Revenue - Obligatory Reserve Funds

The Township receives restricted contributions under the authority of provincial and federal legislation and township by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

(h) Financial Instruments

Financial instruments include cash, taxes receivable, accounts receivable, notes receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The carrying amounts reported on the statement of financial position for cash, taxes receivable, accounts receivable, notes receivable and accounts payable and accrued liabilities approximate fair values due to the immediate and short term maturities of these financial instruments.

The fair value of long term debt, including the current portion, is based on rates currently available to the Municipality with similar terms and maturities and approximates its carrying amounts as disclosed on the statement of financial position.

(i) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from these estimates.

(j) Landfill Closure and Post Closure Liabilities

The Municipality accrues landfill closure and post closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year 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.

Township of Bonnechere Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2008

(k) Amounts to be Recovered

Amounts to be recovered as reported on the Consolidated Statement of Financial Position are comprised of the outstanding principal portion of long term liabilities for municipal expenditures and the landfill closure and post closure liabilities.

2. OPERATIONS OF SCHOOL BOARDS AND COUNTY OF RENFREW

Requisitions were made by the School Boards and County of Renfrew requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

| | <u>School Boards</u> | <u>County</u> |
|------------------|----------------------|---------------------|
| Property taxes | \$ 810,018 | \$ 1,170,313 |
| Payments in lieu | <u>122</u> | <u>21,053</u> |
| | <u>\$ 810,140</u> | <u>\$ 1,191,366</u> |

3. TRUST FUNDS

Trust funds administered by the Township amounting to \$ 828 (2007 - \$ 828) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or financial activities.

4. NOTES RECEIVABLE

(a) Due from Eganville Generation Corporation - \$ 1,218,551:

The former Eganville Public Utilities Commission distribution system was sold to Hydo One in 2001. The Eganville Generation Corporation was formed and the proceeds from the sale were used to finance the generation system upgrade. The note receivable is offset by reserves held by the Township. The interest charged in 2008 was at interest rates of 7.25 % and 6.5 %. The note has no fixed repayment terms.

(b) Eganville and Area Long Term Care Corporation:

The note receivable was repaid in 2008.

5. NET LONG TERM LIABILITIES

| | <u>2008</u> | <u>2007</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| (a) The balance of net long term liabilities reported on the "Consolidated Statement of Financial Position" is made up of long term liabilities incurred by the Municipality including those incurred on behalf of municipal enterprises. | <u>\$ 1,515,665</u> | <u>\$ 1,133,575</u> |

(b) Of the net long term liabilities reported in (a) of this Note \$ 1,082,390 in principal payments are payable from 2009 to 2013, \$ 288,997 from 2014 to 2018 and \$ 144,278 from 2019 onwards from general municipal revenues.

(c) Approval of the Ontario Municipal Board has been obtained for the long term liabilities in (a) of this Note issued in the name of the Municipality.

Township of Bonnechere Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2008

6. CHARGES FOR NET LONG TERM LIABILITIES

Total charges for the year for net long term liabilities which are reported on the "Consolidated Statement of Financial Activities" are as follows:

| | <u>2008</u> | <u>2007</u> |
|--------------------|-------------------|-------------------|
| Principal payments | \$ 277,854 | \$ 385,775 |
| Interest | <u>51,964</u> | <u>45,564</u> |
| | <u>\$ 329,818</u> | <u>\$ 431,339</u> |

7. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. 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.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year 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.

8. CONTINGENT LIABILITIES

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. The Township is not aware of any claims or possible claims as at 31 December 2008.

9. BUDGET FIGURES

Township of Bonnechere Valley Council reviews its operating and capital budgets annually. The approved operating budget for 2008 is reflected on the Schedule of Current Fund Operations and is included in the budget figures presented in the Consolidated Statement of Financial Activities.

Budgets established for the Capital Fund and Reserves and Reserve Funds are set on a project-oriented basis, the costs of which may be carried out over one or more fiscal years. The budget reflected in the Consolidated Statement of Financial Activities is an annual budget only as required by the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Township of Bonnechere Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2008

10. TANGIBLE CAPITAL ASSETS

Commencing with the fiscal year beginning 1 January 2009, the Municipality will be adopting the Canadian Institute of Chartered Accountants' Public Sector Accounting Handbook Section PS 3150, "Tangible Capital Assets". This section establishes standards on how to account for and report tangible capital assets in government financial statements. Tangible capital assets include such items as roads, bridges, lands and buildings, vehicles and equipment and water and wastewater systems.

During the year, the Township continued to work towards compliance with these new recommendations.

As of 31 December 2008, the Municipality does not have relevant information to disclose cost, accumulated amortization and net book values for any specific tangible capital asset category. Tangible capital assets are reported as an expenditure on the "Consolidated Statement of Financial Activities" in the year of acquisition.

11. JOINT LOCAL BOARD - OTTAWA VALLEY WASTE RECOVERY CENTRE

The Township's allocation of this joint local board's assets, liabilities, revenue and expenditure are not included in the consolidated financial statements.

MACKILLICAN & ASSOCIATES
CHARTERED ACCOUNTANTS

252 Raglan Street S.
Renfrew, Ontario

AUDITORS' REPORT

To the Members of Council,
Inhabitants and Ratepayers of the
Township of Bonnechere Valley.

We have audited the statement of financial position of the Ontario Home Renewal Program trust fund of the Township of Bonnechere Valley as at 31 December 2008, and the statement of continuity of the trust fund for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Ontario Home Renewal Program trust fund of the Township of Bonnechere Valley as at 31 December 2008, and the continuity of the trust fund for the year then ended in accordance with Canadian generally accepted accounting principles.

Mae Killian & Associates

RENFREW, Ontario.

23 February 2009.

Chartered Accountants,

Licensed Public Accountants.

Township of Bonnechere Valley

Trust Fund

Statement of Financial Position

As at 31 December 2008

(with 2007 figures for comparison)

| | 2008 | 2007 |
|-------------------------------------|-----------------|-----------------|
| ASSETS | | |
| Cash in bank | \$ 1,039 | \$ 1,065 |
| Loans receivable | <u>828</u> | <u>828</u> |
| | <u>\$ 1,867</u> | <u>\$ 1,893</u> |
| LIABILITIES AND FUND BALANCE | | |
| Due to Province | \$ 1,039 | \$ 1,065 |
| Fund balance | <u>828</u> | <u>828</u> |
| | <u>\$ 1,867</u> | <u>\$ 1,893</u> |

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Bonnechere Valley

Trust Fund

Statement of Continuity

For the year ended 31 December 2008
(with 2007 figures for comparison)

| | <u>2008</u> | <u>2007</u> |
|--------------------------------------|----------------------|----------------------|
| Balance at the beginning of the year | \$ <u>828</u> | \$ <u>1,849</u> |
| Revenue: | | |
| Interest on loans | \$ - | \$ 80 |
| Investment income | <u> </u> | <u>30</u> |
| | \$ <u>-</u> | \$ <u>110</u> |
| Expenditure: | | |
| Bank charges | \$ - | \$ 66 |
| Repayment to Minister of Finance | <u> </u> | <u>1,065</u> |
| | \$ <u>-</u> | \$ <u>1,131</u> |
| Balance at the end of the year | \$ <u><u>828</u></u> | \$ <u><u>828</u></u> |

(See accompanying notes)

Township of Bonnechere Valley

Trust Fund

Notes to the Financial Statements

For the year ended 31 December 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 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

Ontario Home Renewal Program loans receivable at 31 December 2008 are comprised of repayable loans of \$ 828 (2007 - \$ 828). In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balance of the repayable loan immediately becomes due and payable by the homeowner.

In 1993, the Ministry of Municipal Affairs and Housing announced that the Ontario Home Renewal Program was being discontinued and that all cash funds on hand at the end of each year are to be returned to the Province by 1 March of the next year. For 2008, the amount of \$ 1,039 is to be returned to the Province by 1 March 2009.

MACKILLICAN & ASSOCIATES
CHARTERED ACCOUNTANTS

252 Raglan Street S.
Renfrew, Ontario

AUDITORS' REPORT


To the Board Members,
Bonnechere Union Public Library Board,
EGANVILLE, Ontario.

We have audited the statement of financial position of the Bonnechere Union Public Library Board as at 31 December 2008 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 common with many public library boards, the organization derives revenue from donations, fundraising, fees and memberships and lottery receipts, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Bonnechere Union Public Library Board and we were not able to determine whether any adjustments might be necessary to donations, fundraising, fees and memberships, lottery receipts, assets and accumulated net revenue.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations, fundraising, fees and memberships and lottery receipts referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Bonnechere Union Public Library Board as at 31 December 2008, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



RENFREW, Ontario.

23 February 2009.

Chartered Accountants,

Licensed Public Accountants.

Bonnechere Union Public Library Board

Statement of Financial Position

As at 31 December 2008
(with 2007 figures for comparison)

| | <u>2008</u> | <u>2007</u> |
|--------------------------|------------------|------------------|
| <u>ASSETS</u> | | |
| Cash on hand and in bank | \$ 15,784 | \$ 28,509 |
| Accounts receivable | 2,043 | 1,953 |
| Due from Canada | 5,264 | 2,282 |
| Prepaid expenses | <u>194</u> | <u>288</u> |
| | \$ <u>23,285</u> | \$ <u>33,032</u> |

LIABILITIES AND ACCUMULATED NET REVENUE

| | | |
|--------------------------|------------------|------------------|
| Liabilities: | | |
| Accounts payable | \$ <u>4,783</u> | \$ <u>2,431</u> |
| Accumulated net revenue: | | |
| General | \$ <u>18,502</u> | \$ <u>30,601</u> |
| | \$ <u>23,285</u> | \$ <u>33,032</u> |

(See accompanying notes)

Bonnechere Union Public Library Board

Statement of Financial Activities

For the year ended 31 December 2008
(with 2008 budget and 2007 actual figures for comparison)

| | Budget 2008 | Actual 2008 | Actual 2007 |
|--------------------------------------------------------|-------------------|--------------------|-------------------|
| Revenue: | | | |
| Government grants: | | | |
| Province of Ontario - library grants (Note 2) | \$ 14,506 | \$ 14,506 | \$ 14,506 |
| - pay equity | 2,691 | 2,691 | 2,691 |
| - SOLS grant | 1,100 | | |
| - Algonquin College | | 619 | 3,200 |
| Government of Canada - Summer Career Placement Program | 1,256 | 1,150 | 1,256 |
| - Community Access Program | 6,927 | 9,121 | 10,889 |
| Municipalities - Bonnechere Valley | 59,320 | 59,320 | 55,017 |
| - North Algona Wilberforce | 25,423 | 25,423 | 14,466 |
| Interest income | 300 | 230 | 1,059 |
| Donations, fundraising, fees and memberships | 11,683 | 17,678 | 53,123 |
| Lottery receipts | | 13,265 | 17,696 |
| Total revenue | \$ 123,206 | \$ 144,003 | \$ 173,903 |
| Expenditure: | | | |
| Audit and bookkeeping | \$ 4,000 | \$ 3,689 | \$ 4,253 |
| Capital purchases | | 5,552 | 32,542 |
| Cleaning | 3,000 | 3,152 | 251 |
| Equipment and supplies | 1,700 | 6,889 | 6,148 |
| Expansion | | | 3,488 |
| Insurance | 1,500 | | 935 |
| Lottery expense - programs and awards | | 57 | 1,329 |
| - administration | 4,000 | 4,590 | 5,156 |
| Miscellaneous | 2,700 | 5,322 | 1,892 |
| Books and publications | 2,500 | 14,046 | 13,608 |
| Rent | 11,550 | 11,550 | 4,399 |
| Technology advancements | 2,000 | 8,314 | 3,421 |
| Telephone | 1,300 | 1,242 | 1,259 |
| Utilities | 1,650 | 1,650 | 1,867 |
| Wages and benefits | 87,306 | 90,049 | 78,417 |
| Total operating expenditure | \$ 123,206 | \$ 156,102 | \$ 158,965 |
| Net revenue (deficit) for the year | \$ - | \$ (12,099) | \$ 14,938 |
| Transfer to Township of Bonnechere Valley | | | (15,000) |
| Change in fund balance during the year | \$ - | \$ (12,099) | \$ (62) |
| Accumulated net revenue at the beginning of the year | 30,601 | 30,601 | 30,663 |
| Accumulated net revenue at the end of the year | \$ 30,601 | \$ 18,502 | \$ 30,601 |

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Bonnechere Union Public Library Board

Notes to the Financial Statements

For the year ended 31 December 2008

1. ACCOUNTING POLICIES

The financial statements of the Bonnechere Union Public Library Board are the representation of management prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

Basis of Accounting

- (1) Sources of financing and expenditures are reported on the accrual basis of accounting. 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.
- (2) The historical cost and accumulated amortization of capital assets are not reported for municipal purposes. Capital assets are reported as an expenditure in the year of acquisition.

| | <u>2008</u> | | <u>2007</u> | |
|------------------------------|------------------|----------------------------------------------|------------------|------------------|
| | Amount | Transferred to Other Library Boards | Net Grants | Net Grants |
| 2. PROVINCIAL LIBRARY GRANTS | <u>Received</u> | <u>Boards</u> | <u>Grants</u> | <u>Grants</u> |
| Bonnechere Valley | \$ 9,941 | \$ 1,856 | \$ 8,085 | \$ 8,085 |
| North Algona Wilberforce | <u>7,073</u> | <u>652</u> | <u>6,421</u> | <u>6,421</u> |
| | <u>\$ 17,014</u> | <u>\$ 2,508</u> | <u>\$ 14,506</u> | <u>\$ 14,506</u> |