

CORPORATION OF THE TOWN OF DEEP RIVER

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2008

	2008	2007
	\$	\$
FINANCIAL ASSETS		
Cash	265,106	686,993
Investments (Note 3)	2,875,874	2,675,132
Taxes receivable	70,873	151,943
Trade and other receivables	154,963	942,670
Loan receivable (Note 4)	98,361	107,400
Prepaid expenses	1,431	4,923
Inventories (Note 1(c))	6,208	5,984
	<u>3,472,816</u>	<u>4,575,045</u>
Total Assets	<u>3,472,816</u>	<u>4,575,045</u>
 LIABILITIES		
Temporary loans (Note 5)	2,661,780	2,661,780
Accounts payable and accrued liabilities	775,990	1,897,041
Deferred revenue - obligatory reserve fund (Note 6)	170,110	139,233
Long term liabilities (Note 7)	3,617,458	3,824,982
Employee future benefits payable (Note 8)	1,368,865	1,268,824
Solid waste landfill closure and post-closure liabilities (Note 9)	151,303	145,271
	<u>8,745,506</u>	<u>9,937,131</u>
 MUNICIPAL POSITION		
Current fund (Note 10)	27,190	329,846
Capital fund	(4,672,418)	(4,262,509)
Reserves and reserve funds	4,510,164	3,809,654
	<u>(135,064)</u>	<u>(123,009)</u>
Amounts to be recovered from reserves and future revenues	(5,137,626)	(5,239,077)
Municipal position	<u>(5,272,690)</u>	<u>(5,362,086)</u>
Total Liabilities and Municipal Position	<u>3,472,816</u>	<u>4,575,045</u>

to \$ 5,137,626

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWN OF DEEP RIVER

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2008

	BUDGET 2008 \$	ACTUAL 2008 \$	ACTUAL 2007 \$
REVENUES (Note 11)			
Taxation	4,927,386	4,934,284	4,781,401
User charges	2,367,300	2,476,034	2,439,130
Government transfers	498,149	1,091,015	3,282,636
Other	34,477	422,218	555,034
	<u>7,827,312</u>	<u>8,923,551</u>	<u>11,058,201</u>
EXPENDITURES			
Current operations			
General government	1,009,651	926,212	841,250
Protection to persons and property	2,047,008	2,205,513	2,168,346
Transportation services	844,861	855,626	736,669
Environmental services	2,130,397	1,948,224	1,800,374
Health services	22,346	18,796	21,989
Recreation and cultural services	1,197,440	1,134,477	1,131,615
Planning and development	134,618	118,599	129,551
	<u>7,386,321</u>	<u>7,207,447</u>	<u>6,829,794</u>
Capital			
General government	125,860	105,233	6,295
Protection to persons and property	266,000	266,025	235,709
Transportation services	218,195	179,376	206,182
Environmental services	57,000	1,036,170	4,408,341
Recreation and cultural services	555,567	39,904	34,959
Planning and development	6,500	-	-
	<u>1,229,122</u>	<u>1,626,708</u>	<u>4,891,486</u>
Total expenditures	<u>8,615,443</u>	<u>8,834,155</u>	<u>11,721,280</u>
NET REVENUES (EXPENDITURES)	<u>(788,131)</u>	<u>89,396</u>	<u>(663,079)</u>
Debt principal repayments	(163,381)	(207,524)	(286,973)
Employee future benefits	-	100,041	115,301
Landfill closure and post-closure costs	-	6,032	3,238
Increase (decrease) in amounts to be recovered	<u>(163,381)</u>	<u>(101,451)</u>	<u>(168,434)</u>
CHANGE IN FUND BALANCES	<u>(951,512)</u>	<u>(12,055)</u>	<u>(831,513)</u>

The accompanying notes are an integral part of this financial statement.

3.

CORPORATION OF THE TOWN OF DEEP RIVER

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2008

	2008	2007
	\$	\$
CASH FROM OPERATING ACTIVITIES		
Net revenues (expenditures)	89,396	(663,079)
Changes in non-cash working capital		
Taxes receivable	81,070	(37,900)
Trade and other receivables	787,707	648,608
Loan receivable	9,039	8,687
Prepaid expenses	3,492	(953)
Inventories	(224)	(12)
Accounts payable and accrued liabilities	(1,121,051)	711,805
Employee benefits payable	100,041	115,301
Landfill closure and post-closure liabilities	6,032	3,238
Deferred revenue - obligatory reserve funds	<u>30,877</u>	<u>57,563</u>
Net cash (used in) from operating activities	<u>(13,621)</u>	<u>843,258</u>
CASH FROM FINANCING ACTIVITIES		
Payments on long-term debt	<u>(207,524)</u>	<u>(286,973)</u>
Net cash (used in) financing activities	<u>(207,524)</u>	<u>(286,973)</u>
(DECREASE) INCREASE IN CASH POSITION	(221,145)	556,285
CASH POSITION, beginning of year	<u>700,345</u>	<u>144,060</u>
CASH POSITION, end of year	<u><u>479,200</u></u>	<u><u>700,345</u></u>
Comprised of:		
Cash and temporary investments	3,140,980	3,362,125
Temporary loans	<u>(2,661,780)</u>	<u>(2,661,780)</u>
	<u><u>479,200</u></u>	<u><u>700,345</u></u>

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWN OF DEEP RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

The TOWN OF DEEP RIVER is an incorporated municipality in the Province of Ontario. Its operations are guided by the provisions of provincial statutes such as the *Municipal Act*, *Municipal Affairs Act* and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Town of Deep River 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.

(a) BASIS OF CONSOLIDATION

- (i) These consolidated statements reflect the assets, liabilities, revenues and expenditures of the revenue fund, capital fund, reserves and reserve funds and include the activities of all committees of Council and the following boards and utilities which are under the control of Council:

- Deep River Public Library Board
- Deep River Waterworks

All interfund assets, liabilities, revenues and expenditures have been eliminated with the exception of loans or advances between reserve funds and any other fund of the municipality and the resulting interest income and expenditures.

The municipality is also a member of two non-controlled joint local boards which are accounted for using the proportionate consolidation method whereby the municipality's proportionate share of revenues, expenditures, assets and liabilities are included in the accounts after elimination of the proportionate share of inter-entity transactions:

	Proportionate Share
• North Renfrew Landfill Operations Board	52.00 %
• Pembroke and Area Airport Commission	8.585%

(ii) Accounting for County and School Board Transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Renfrew are not reflected in these financial statements.

(iii) 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.

CORPORATION OF THE TOWN OF DEEP RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) REVENUE RECOGNITION

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. Any supplementary billing adjustments made necessary by assessment appeals submitted by the ratepayers and changes to assessed value reflecting new construction are recognized in the year they are determined.

User charges and fees are recognized as revenue in the year the goods and services are provided.

Investment income is recognized as it is earned. Investment income earned on federal gas tax reserve funds is recorded as deferred revenue and included in Municipal revenues in the year that they are applied to qualifying capital expenditures.

Government transfers are recognized as revenue in the year in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligible criteria have been met, and reasonable estimates of the amounts can be made.

(c) INVENTORIES

Inventories are stated at the lower of cost and net realizable value, with cost determined on a first-in, first-out basis.

(d) CAPITAL ASSETS

The historical cost and accumulated depreciation for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the Consolidated Statement of Financial Activities in the year of acquisition.

(e) DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of financial activities in the year in which it is used for the specified purpose.

(f) PENSION AND OTHER POST-RETIREMENT BENEFITS

The Municipality accounts for its participation in the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer public sector pension fund, as a defined contribution plan.

The Municipality determines the cost of other employment and post-retirement benefits offered to employees using the projected benefit method prorated on services and based on management's best estimate assumptions. Under this method, an equal portion of the total estimated future benefit is attributed to each year of service in the attribution period.

CORPORATION OF THE TOWN OF DEEP RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) AMOUNTS TO BE RECOVERED FROM RESERVES AND FUTURE REVENUES

Amounts to be recovered are reported in the municipal position on the consolidated statements of financial position. The balance represents the outstanding principal portion of unmatured long-term liabilities not yet due, and other future expenditures not yet levied on the ratepayers.

(h) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could vary from those estimates.

(i) FINANCIAL INSTRUMENTS

Cash and investments are classified as held for trading and stated at fair value. The unrealized gain or loss on investments, being the difference between book value and fair value, is included in investment income in the Consolidated Statement of Financial Activities. The fair value of investments is based on quoted market prices.

Taxes and other receivables are classified as loans and receivables, which are measured at amortized cost.

Accounts payable, accrued liabilities and long term liabilities are classified as other liabilities, which are measured at amortized cost.

2. NEW ACCOUNTING STANDARDS

The Town of Deep River owns various tangible capital assets. Effective January 1, 2009, the Town will be required to record tangible capital assets in accordance with Section 3150 of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants. Accounting Guideline 7 of the Handbook provides transitional guidance on presenting information related to tangible capital assets until Section 3150 comes into effect. With regards to this guideline, the Town has commenced compiling a listing of all tangible capital assets.

3. INVESTMENTS

	2008	2007
	\$	\$
Investment in Public Sector Group of Funds		
• Bond Fund	2,875,874	2,675,132

The book value of the investments is \$2,825,001 (2007 - \$2,720,746).

CORPORATION OF THE TOWN OF DEEP RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

4. LOAN RECEIVABLE

Loan receivable from Deep River Golf Club (1972) Incorporated, bearing interest at 4% per annum, receivable in semi-annual instalments of \$6,697 until August 2019, secured by a real property mortgage and chattel mortgage on Golf Club property and equipment.

5. TEMPORARY LOANS

	2008	2007
	\$	\$
Ontario Infrastructure Projects Corporation (OIPC) loan, interest payable monthly at the OIPC floating rate. As at December 31, 2008, the interest rate was 2.5%	<u>2,661,780</u>	<u>2,661,780</u>

6. DEFERRED REVENUE - OBLIGATORY RESERVE FUND

Deferred revenue is comprised of the Town's federal gas tax allocations plus accrued interest. This revenue must be expended on eligible projects and will be recognized when the expenditures are made. Activity during the year is summarized as follows:

	2008	2007
	\$	\$
Balance, beginning of year	139,233	81,671
Federal allocation	67,180	53,747
Interest earned	4,012	3,815
Transfer to capital fund	<u>(40,315)</u>	<u>-</u>
Balance, end of year	<u>170,110</u>	<u>139,233</u>

7. LONG TERM LIABILITIES

(a) The balance of long term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2008	2007
	\$	\$
6.8% loan from Province of Ontario, maturing December 31, 2011, repayable in blended annual instalments of \$42,319	111,466	143,994
6.41% fixed rate term loan, maturing December 2011, repayable in blended semi-annual instalments of \$40,229	196,882	261,410
6.72% fixed rate term loan, maturing December 2011, repayable in blended semi-annual instalments of \$41,684	200,510	266,835
5.45% fixed rate loan, maturing June 2012, repayable in blended monthly instalments of \$17,904	<u>3,108,600</u>	<u>3,152,743</u>
	<u>3,617,458</u>	<u>3,824,982</u>

CORPORATION OF THE TOWN OF DEEP RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

7. LONG TERM LIABILITIES (cont'd)

(b) Principal is due on long term liabilities as follows:

2009	\$ 223,347
2010	237,741
2011	201,549
2012	57,025
2013	60,175
Thereafter	<u>2,837,621</u>
	<u>\$3,617,458</u>

(c) The long term liabilities in (a) issued in the name of the municipality have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

8. EMPLOYEE FUTURE BENEFITS PAYABLE

	2008	2007
	\$	\$
Accrued vacation pay	203,617	208,484
Accumulated sick leave (Note 8 (a))	693,627	628,658
Post-retirement benefits (Note 8 (b))	<u>471,621</u>	<u>431,682</u>
	<u>1,368,865</u>	<u>1,268,824</u>

(a) Under the sick leave benefit plans, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the municipality's employment. An amount of \$11,793 (2007 - \$5,570) was paid to employees who left the municipality's employment during the current year. Reserves in the amount of \$108,865 (2007 - \$70,658) have been established to provide for these liabilities and are reported on the Consolidated Statement of Financial Position.

(b) The Municipality has defined benefit plans providing various post-retirement medical and life insurance benefits.

The liability and expense for 2008 was determined by an actuarial valuation prepared as of December 31, 2006 and forecasted for 2007 and 2008.

Information about the plan is as follows:

	2008	2007
	\$	\$
• Accrued benefit obligation at beginning of year	431,682	394,794
• Current service cost	21,087	20,035
• Interest on accrued benefits	23,652	21,653
• Benefit payments	<u>(4,800)</u>	<u>(4,800)</u>
• Accrued benefit obligations at end of year	<u>471,621</u>	<u>431,682</u>
Discount rate	5.25%	
Assumed dental cost trend rate	4.0 %	

The assumed health care cost trend rate was 10%, decreasing by 1% every 3 years until 5% is reached.

CORPORATION OF THE TOWN OF DEEP RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

9. SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE LIABILITIES

The Town operates a landfill site that now receives only construction and demolition waste. The estimated remaining life of the site at the current level of usage is eight years. The estimated required period of post-closure care is seven years. These financial statements recognize a liability for closure and post-closure care to the extent that the site has been used to date. Since costs are to be incurred in the future they have been discounted at 5.5% which is the Town's estimated long-term borrowing rate net of 2% inflation. Currently a liability of \$140,000 has been accrued. The present value of estimated total expenditures is approximately \$153,000. The liability remaining to be recognized is \$13,000.

The Town is also a joint member of the North Renfrew Landfill Operations Board which owns and operates one open landfill site. Currently, the landfill site is estimated to be 23.5% filled and has a remaining volume of 146,306 m³. At the current rate of usage, the landfill site is expected to close in 23 years or by December 31, 2031. The Board is liable for closing costs of this landfill site and post-closure costs for monitoring, reporting, site reconnaissance and maintenance on an annual basis for a period of at least four years following the closure of the site. The present value of the expected closure and post-closure costs have been reported as a liability in the Statement of Financial Position. The liability was estimated using a discount factor of 4% and is accrued based on site usage. Currently a liability of \$21,737 (Town share - \$11,303) has been accrued. The present value of estimated expenditures for closure and post-closure care is \$92,498 (Town share - \$48,099). The liability remaining to be recognized is \$70,761 (Town share - \$36,796).

10. CURRENT FUND BALANCES

Current fund balances consist of the following:

	2008	2007
To be used to offset taxation or user charges:	\$	\$
• Town	14,118	308,523
• Landfill Operations Board	13,072	21,323
	<u>27,190</u>	<u>329,846</u>

CORPORATION OF THE TOWN OF DEEP RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

11. REVENUES

Revenues reported on the Consolidated Statement of Financial Activities are comprised of the following:

	BUDGET 2008 \$	ACTUAL 2008 \$	ACTUAL 2007 \$
Taxation			
Residential and farm taxation	3,731,416	3,766,010	3,619,588
Commercial, industrial and business taxation	795,697	806,248	814,846
Taxation from other governments	<u>2,811,517</u>	<u>2,801,043</u>	<u>2,753,943</u>
	7,338,630	7,373,301	7,188,377
Deduct: Amounts received or receivable for county and school boards (Note 12)	<u>(2,411,244)</u>	<u>(2,439,017)</u>	<u>(2,406,976)</u>
	<u>4,927,386</u>	<u>4,934,284</u>	<u>4,781,401</u>
User Charges	<u>2,367,300</u>	<u>2,476,034</u>	<u>2,439,130</u>
Government Transfers			
Government of Canada	44,783	53,840	379,767
Province of Ontario	433,366	1,017,175	2,831,635
Other municipalities	<u>20,000</u>	<u>20,000</u>	<u>71,234</u>
	<u>498,149</u>	<u>1,091,015</u>	<u>3,282,636</u>
Other			
Transfer from trust	-	-	61,148
AECL capital grant	-	107,724	308,635
Investment income	5,600	215,720	128,857
Penalties and interest on taxes	20,000	21,736	22,914
Sale of assets	-	4,367	-
Donations	1,600	26,162	9,188
Other	<u>7,277</u>	<u>46,509</u>	<u>24,292</u>
	<u>34,477</u>	<u>422,218</u>	<u>555,034</u>
	<u><u>7,827,312</u></u>	<u><u>8,923,551</u></u>	<u><u>11,058,201</u></u>

12. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF RENFREW

Further to notes 1(a) and 11, the taxation, other revenues and requisitions for the school boards and County of Renfrew are comprised of the following:

	School Boards \$	County \$	2008 \$	2007 \$
Taxation and user charges	835,548	1,093,357	1,928,905	1,904,533
Share of payments in lieu of taxes	-	510,112	510,112	502,443
Amounts requisitioned	<u>835,548</u>	<u>1,603,469</u>	<u>2,439,017</u>	<u>2,406,976</u>

CORPORATION OF THE TOWN OF DEEP RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

13. TRUST FUNDS

Trust funds administered by the municipality amounting to \$235,870 (2007 - \$212,167) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

14. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 47 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.

An amount of \$203,719 was contributed to OMERS for 2008 (2007 - \$191,148) for current service. The municipality has no obligations under past service provisions of the OMERS agreement. Contributions are included as an expenditure on the Consolidated Statement of Operations.

15. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash and investments, accounts receivable, accounts payable and accrued liabilities, temporary loans and long term liabilities. The fair value of these financial instruments is approximately equal to their carrying value. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments.

16. COMMITMENTS

The Town has entered into contracts for the collection of residential and commercial waste and for the collection handling and processing of recyclables at an annual cost of approximately \$248,505. The contracts expire in September 2013.

17. CONTINGENT LIABILITIES

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. Management believes that the Town has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Town's financial position. Any adjustments, arising from these matters, will be recorded in future years.

18. PUBLIC SECTOR SALARY DISCLOSURE ACT, 1996

The Town of Deep River is an employer subject to the Public Sector Salary Disclosure Act. In 2008, the following employee was paid a salary and reported taxable benefits in excess of \$100,000, as defined in the Public Sector Salary Disclosure Act:

	Salary	Taxable Benefits
Mr. Michael Ueltzhoffer, Chief of Police	\$ 108,219	\$ 1,047

CORPORATION OF THE TOWN OF DEEP RIVER

CONSOLIDATED SCHEDULE OF CURRENT FUND OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2008

19. BUDGET FIGURES

Budget figures established for capital funds, reserves and reserve funds are based on a project-oriented basis, the costs of which may be incurred over one or more years. Although they may not be directly comparable with current year actual amounts, they have been reflected on the Consolidated Statement of Financial Activities.

CORPORATION OF THE TOWN OF DEEP RIVER

CONSOLIDATED SCHEDULE OF CURRENT FUND OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2008

	BUDGET 2008 \$	ACTUAL 2008 \$	ACTUAL 2007 \$
REVENUES			
Taxation	4,927,386	4,934,284	4,781,401
User charges	2,367,300	2,476,034	2,439,130
Government transfers	498,149	826,413	355,629
Other	34,477	104,761	85,956
	<u>7,827,312</u>	<u>8,341,492</u>	<u>7,662,116</u>
EXPENDITURES			
General government	1,009,651	926,212	841,250
Protection to persons and property	2,047,008	2,205,513	2,168,346
Transportation services	844,861	855,626	736,669
Environmental services	2,130,397	1,948,224	1,800,374
Health services	22,346	18,796	21,989
Recreation and cultural services	1,197,440	1,134,477	1,131,615
Planning and development	134,618	118,599	129,551
	<u>7,386,321</u>	<u>7,207,447</u>	<u>6,829,794</u>
NET REVENUES (EXPENDITURES)	<u>440,991</u>	<u>1,134,045</u>	<u>832,322</u>
FINANCING AND TRANSFERS			
Debt principal	(163,381)	(207,524)	(286,973)
Employee benefits	-	100,041	115,301
Landfill closure and post closure costs	-	6,032	3,238
Transfer to capital	(387,521)	(203,726)	(177,558)
Transfer from (to) reserves and reserve funds	(223,281)	(1,131,524)	(470,402)
Net financing and transfers	<u>(774,183)</u>	<u>(1,436,701)</u>	<u>(816,394)</u>
CHANGE IN CURRENT FUND	(333,192)	(302,656)	15,928
OPENING CURRENT FUND BALANCE	<u>329,846</u>	<u>329,846</u>	<u>313,918</u>
ENDING CURRENT FUND BALANCE	<u>(3,346)</u>	<u>27,190</u>	<u>329,846</u>

CORPORATION OF THE TOWN OF DEEP RIVER
CONSOLIDATED SCHEDULE OF CAPITAL FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

	BUDGET 2008 \$	ACTUAL 2008 \$	ACTUAL 2007 \$
REVENUES			
Government transfers	-	264,602	2,927,007
Other	-	108,724	369,783
	<u>-</u>	<u>373,326</u>	<u>3,296,790</u>
EXPENDITURES			
General government	125,860	105,233	6,295
Protection to persons and property	266,000	266,025	235,709
Transportation services	218,195	179,376	206,182
Environmental services	57,000	1,036,170	4,408,341
Recreation and cultural services	555,567	39,904	34,959
Health	6,500	-	-
	<u>1,229,122</u>	<u>1,626,708</u>	<u>4,891,486</u>
NET REVENUES (EXPENDITURES)	<u>(1,229,122)</u>	<u>(1,253,382)</u>	<u>(1,594,696)</u>
FINANCING AND TRANSFERS			
Transfers from current fund	387,521	203,726	177,558
Transfers from reserves and reserve funds	888,639	639,747	330,934
	<u>1,276,160</u>	<u>843,473</u>	<u>508,492</u>
CHANGE IN CAPITAL FUND BALANCE	47,038	(409,909)	(1,086,204)
OPENING CAPITAL FUND BALANCE	<u>(4,262,509)</u>	<u>(4,262,509)</u>	<u>(3,176,305)</u>
CLOSING CAPITAL FUND BALANCE	<u>(4,215,471)</u>	<u>(4,672,418)</u>	<u>(4,262,509)</u>

CORPORATION OF THE TOWN OF DEEP RIVER

CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 \$	2007 \$
REVENUES		
Investment income	<u>208,733</u>	<u>99,295</u>
NET REVENUES	<u>208,733</u>	<u>99,295</u>
NET TRANSFERS FROM (TO) OTHER FUNDS		
Transfers from (to) current fund	1,131,524	470,402
Transfers from (to) capital fund	<u>(639,747)</u>	<u>(330,934)</u>
	<u>491,777</u>	<u>139,468</u>
CHANGE IN BALANCES	700,510	238,763
OPENING BALANCES	<u>3,809,654</u>	<u>3,570,891</u>
ENDING BALANCES	<u>4,510,164</u>	<u>3,809,654</u>
Analysed as follows:		
Reserves set aside for specific purposes by Council		
Acquisition of capital assets	1,565	1,565
Sick leave and payroll contingency	108,865	70,658
Waterworks	411,030	683,176
Sewer	303,209	142,544
Working funds	384,892	50,000
Recreation facilities	1,333	1,333
Police services legal	690	690
Insurance claims	46,721	46,721
WSIB	72,964	72,964
Physician recruitment	11,594	11,594
Living legacy	4,425	4,425
Asset replacement	<u>562,929</u>	<u>-</u>
Total reserves	<u>1,910,217</u>	<u>1,085,670</u>
Reserve funds set aside for specific purposes by Council		
Capital replacement	2,390,724	2,460,620
Hydro sale proceeds	160,269	219,906
Humanitarian donations	1,907	2,800
Airport operations	46,327	39,961
Other	<u>720</u>	<u>697</u>
Total reserve funds	<u>2,599,947</u>	<u>2,723,984</u>
Total reserves and reserve funds	<u>4,510,164</u>	<u>3,809,654</u>

CORPORATION OF THE TOWN OF DEEP RIVER
CONSOLIDATED SCHEDULE OF CURRENT EXPENDITURES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008	2007
	\$	\$
Salaries, wages and employee benefits	3,700,754	3,614,754
Interest on long term liabilities	213,463	286,973
Transfers to external organizations	34,900	20,920
Materials, contracted services, rents and financial expenses	<u>3,258,330</u>	<u>2,907,147</u>
	<u>7,207,447</u>	<u>6,829,794</u>

**DEEP RIVER PUBLIC
LIBRARY BOARD**
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008



AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Deep River

We have audited the statement of financial position of the **DEEP RIVER PUBLIC LIBRARY BOARD** as at December 31, 2008 and the statements of financial activities and cash flows 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.

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 **DEEP RIVER PUBLIC LIBRARY BOARD** as at December 31, 2008 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Licensed Public Accountants

Pembroke, Ontario
February 17, 2009

DEEP RIVER PUBLIC LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2008

	2008	2007
	\$	\$
FINANCIAL ASSETS		
Due from own municipality	<u>18,960</u>	<u>14,640</u>
LIABILITIES		
Accounts payable and accrued liabilities	<u>4,842</u>	<u>4,962</u>
MUNICIPAL POSITION		
Operating fund	<u>14,118</u>	<u>9,678</u>
	<u>18,960</u>	<u>14,640</u>

The accompanying notes are an integral part of this financial statement.

2.

DEEP RIVER PUBLIC LIBRARY BOARD

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2008

	BUDGET 2008 \$	ACTUAL 2008	ACTUAL 2007 \$
REVENUES			
Town of Deep River	298,402	298,402	271,841
Province of Ontario	9,581	9,581	18,608
Federal Youth Employment grant	-	1,227	1,400
Industry Canada	-	3,663	-
Copier receipts	1,500	1,252	1,201
Fines and fees	9,500	9,299	9,096
Room and equipment rental	3,100	2,402	2,920
Audio visual income	7,000	6,024	5,766
Fundraising and miscellaneous	400	1,309	1,496
Donations	500	24,162	7,588
	<u>329,983</u>	<u>357,321</u>	<u>319,916</u>
EXPENDITURES			
Current			
Salaries and employee benefits	204,467	197,468	180,723
Books, periodicals and non-print materials	50,166	51,478	60,627
Utilities and telephone	25,956	26,761	24,878
Copying expenses	2,765	2,024	2,218
Supplies	4,850	4,905	5,084
Office and general	3,455	2,077	2,028
Professional fees	2,428	1,740	2,006
Repairs and maintenance	33,330	33,745	29,159
Insurance	7,808	7,808	7,586
	<u>335,225</u>	<u>328,006</u>	<u>314,309</u>
Capital	<u>-</u>	<u>4,875</u>	<u>5,057</u>
Transfer to Deep River and District Community Foundation	<u>-</u>	<u>20,000</u>	<u>-</u>
Total expenditures	<u>335,225</u>	<u>352,881</u>	<u>319,366</u>
NET (EXPENDITURES) REVENUES	(5,242)	4,440	550
FUND BALANCES, at the beginning of the year	<u>5,242</u>	<u>9,678</u>	<u>9,128</u>
FUND BALANCES, at the end of the year	<u>-</u>	<u>14,118</u>	<u>9,678</u>

The accompanying notes are an integral part of this financial statement.

3.

DEEP RIVER PUBLIC LIBRARY BOARD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2008

	2008	2007
	\$	\$
CASH FROM OPERATING ACTIVITIES		
Net (expenditures) revenues	4,440	550
Changes in non-cash working capital		
Due from own municipality	(4,320)	(3,534)
Grant receivable	-	2,900
Accounts payable	(120)	84
Net cash from operating activities	-	-
CASH, beginning of year	-	-
CASH, end of year	-	-

The accompanying notes are an integral part of this financial statement.

4.

DEEP RIVER PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Deep River 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.

(a) Fund Accounting

These financial statements reflect the assets, liabilities, revenues and expenditures of the current, reserve and capital funds of the Deep River Public Library Board.

(b) Revenue Recognition

Grants, fees, fines and other receipts are recorded in the period to which they relate and when collection is reasonably assured.

Donations are reported on a cash basis. Donation pledges are not reported in the accounts until received.

(c) Capital Assets

The historical cost and accumulated depreciation for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the Statement of Financial Activities in the year of acquisition.

(d) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could vary from those estimates.

(e) Financial Instruments

Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

DEEP RIVER PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

2. PENSION AGREEMENT

The Library Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 6 members of its staff. The plan is a defined benefit plan, fully funded by equal contributions from participating employers and employees and by investment earnings of the OMERS Fund. The amount of the retirement benefit to be received by the employees is based on the length of service and rates of pay, and is integrated with the Canada Pension Plan.

The amount contributed to OMERS for 2008 was \$11,092 (2007 - \$9,432) for current service and is included as an expenditure in Statement of Financial Activities.

3. FINANCIAL INSTRUMENTS

The Board's financial instruments consist of accounts payable. The fair value of these financial instruments is approximately equal to their carrying value. It is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments.

4. NEW ACCOUNTING STANDARDS

The Town of Deep River Library Board owns various tangible capital assets. Effective January 1, 2009, the Board will be required to record tangible capital assets in accordance with Section 3150 of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants. Accounting Guideline 7 of the Handbook provides transitional guidance on presenting information related to tangible capital assets until Section 3150 comes into effect. With regards to this guideline, the Board has commenced compiling a listing of all tangible capital assets.

DEEP RIVER PUBLIC LIBRARY BOARD

SCHEDULE OF CAPITAL FUND OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2008

	BUDGET 2008 \$	ACTUAL 2008 \$	ACTUAL 2007
REVENUES			
Province of Ontario	-	1,212	5,057
Industry Canada	-	3,663	-
	-	<u>4,875</u>	<u>5,057</u>
EXPENDITURES			
Computer equipment	-	<u>4,875</u>	<u>5,057</u>
NET REVENUES	-	-	-
CHANGE IN CAPITAL FUND BALANCE	-	-	-
OPENING CAPITAL FUND BALANCE	-	-	-
CLOSING CAPITAL FUND BALANCE	-	-	-

The accompanying notes are an integral part of this financial statement.

7.

**CORPORATION OF THE
TOWN OF DEEP RIVER
WATERWORKS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**



AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the
Corporation of the Town of Deep River

We have audited the statement of financial position of the **CORPORATION OF THE TOWN OF DEEP RIVER WATERWORKS** as at December 31, 2008 and the statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the utility'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 **CORPORATION OF THE TOWN OF DEEP RIVER WATERWORKS** as at December 31, 2008 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Licensed Public Accountants

Pembroke, Ontario
February 17, 2009

**CORPORATION OF THE
TOWN OF DEEP RIVER WATERWORKS**

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008

	2008	2007
	\$	\$
FINANCIAL ASSETS		
Accounts receivable	<u>16,271</u>	<u>16,602</u>
LIABILITIES		
Accounts payable and accrued liabilities	396,640	368,042
Advances from own municipality	<u>4,692,073</u>	<u>4,142,169</u>
	<u>5,088,713</u>	<u>4,510,211</u>
MUNICIPAL POSITION		
Capital fund (unfinanced)	(5,483,472)	(5,176,785)
Reserve (Note 2)	<u>411,030</u>	<u>683,176</u>
	<u>(5,072,442)</u>	<u>(4,493,609)</u>
	<u>16,271</u>	<u>16,602</u>

The accompanying notes are an integral part of this financial statement.

2.

**CORPORATION OF THE
TOWN OF DEEP RIVER WATERWORKS**

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	BUDGET 2008 \$	ACTUAL 2008 \$	ACTUAL 2007 \$
REVENUES			
Sale of water	737,730	741,822	742,902
Hydrant rental	42,512	42,512	42,512
Other operating revenues	12,007	18,224	17,389
Filtration plant grants and contributions	-	107,724	2,204,268
	<u>792,249</u>	<u>910,282</u>	<u>3,007,071</u>
EXPENDITURES			
Current			
Administration	90,466	84,429	67,480
Plant operations and water treatment	611,069	641,223	622,272
Water transmission and distribution	75,800	99,061	51,461
Interest on long term liability	90,000	-	-
	<u>867,335</u>	<u>824,713</u>	<u>741,213</u>
Capital			
Equipment	-	163,085	35,019
Filtration plant	-	501,317	4,286,237
	<u>-</u>	<u>664,402</u>	<u>4,321,256</u>
Total expenditures	<u>867,335</u>	<u>1,489,115</u>	<u>5,062,469</u>
NET (EXPENDITURES) REVENUES	(75,086)	(578,833)	(2,055,398)
FUND BALANCES, at the beginning of the year	<u>(4,493,609)</u>	<u>(4,493,609)</u>	<u>(2,438,211)</u>
FUND BALANCES, at the end of the year	<u>(4,568,695)</u>	<u>(5,072,442)</u>	<u>(4,493,609)</u>

The accompanying notes are an integral part of this financial statement.

3.

**CORPORATION OF THE
TOWN OF DEEP RIVER WATERWORKS**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008	2007
	\$	\$
CASH FROM OPERATING ACTIVITIES		
Net (expenditures)	(578,833)	(2,055,398)
Changes in non-cash working capital		
Accounts receivable	331	1,060
Accounts payable	<u>28,598</u>	<u>163,757</u>
Net cash (used in) operating activities	(549,904)	(1,890,581)
CASH FROM FINANCING ACTIVITIES		
Advances from own municipality	<u>549,904</u>	<u>1,890,581</u>
CASH POSITION, beginning of year	-	-
CASH POSITION, end of year	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of this financial statement.

4.

CORPORATION OF THE TOWN OF DEEP RIVER WATERWORKS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation of the Town of Deep River Waterworks 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.

(a) Fund Accounting

These financial statements reflect the assets, liabilities, revenues and expenditures of the revenue, capital and reserve funds of the Corporation of the Town of Deep River Waterworks.

(b) Revenue Recognition

Revenue from the sale of water and provision of services is recognized as revenue in the year the goods and services are provided.

(c) Capital Assets

The historical cost and accumulated depreciation for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the Statement of Financial Activities in the year of acquisition.

(d) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could vary from those estimates.

(e) Financial Instruments

Accounts receivable are classified as receivables, which are measured at amortized cost.

Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

2. RESERVE

The waterworks surplus is held as a reserve for acquisition of capital assets.

CORPORATION OF THE TOWN OF DEEP RIVER WATERWORKS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

3. PENSION AGREEMENT

The Town of Deep River Waterworks makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all members of its staff. The plan is a defined benefit plan, fully funded by equal contributions from participating employers and employees and by investment earnings of the OMERS Fund. The amount of the retirement benefit to be received by the employees is based on the length of service and rates of pay, and is integrated with the Canada Pension Plan.

4. FINANCIAL INSTRUMENTS

The Town of Deep River Waterworks financial instruments consist of accounts receivable, advances from own municipality and accounts payable. The fair value of these financial instruments is approximately equal to their carrying value. It is management's opinion that the Town of Deep River Waterworks is not exposed to significant interest, currency or credit risks arising from these financial instruments.

5. NEW ACCOUNTING STANDARDS

The Town of Deep River Waterworks owns various tangible capital assets. Effective January 1, 2009, the Utility will be required to record tangible capital assets in accordance with Section 3150 of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants. Accounting Guideline 7 of the Handbook provides transitional guidance on presenting information related to tangible capital assets until Section 3150 comes into effect. With regards to this guideline, the Utility has commenced compiling a listing of all tangible capital assets.

6. BUDGET FIGURES

Budget figures established for capital funds, reserves and reserve funds are based on a project-oriented basis, the costs of which may be incurred over one or more years. Although they may not be directly comparable with current year actual amounts, they have been reflected on the Statement of Financial Activities.

**CORPORATION OF THE
TOWN OF DEEP RIVER WATERWORKS**

SCHEDULE OF CURRENT FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

	BUDGET 2008 \$	ACTUAL 2008 \$	ACTUAL 2007 \$
REVENUES			
Sale of water	737,730	741,822	742,902
Hydrant rental	42,512	42,512	42,512
Other	12,007	18,224	17,389
	<u>792,249</u>	<u>802,558</u>	<u>802,803</u>
EXPENDITURES			
Current			
Administration	90,466	84,429	67,480
Plant operations and water treatment	611,069	641,223	622,272
Water transmission and distribution	75,800	99,061	51,461
Interest on long term liability	90,000	-	-
	<u>867,335</u>	<u>824,713</u>	<u>741,213</u>
NET REVENUES	<u>(75,086)</u>	<u>(22,155)</u>	<u>61,590</u>
Financing and transfers			
Transfer to capital fund	-	(249,991)	(35,019)
Transfer from (to) reserve	-	272,146	(26,571)
	<u>-</u>	<u>22,155</u>	<u>(61,590)</u>
CHANGE IN CURRENT FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
OPENING CURRENT FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
CLOSING CURRENT FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>

**CORPORATION OF THE
TOWN OF DEEP RIVER WATERWORKS**

SCHEDULE OF CAPITAL FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

	BUDGET 2008 \$	ACTUAL 2008 \$	ACTUAL 2007 \$
REVENUES			
Filtration plant grants and contribution	-	107,724	2,204,268
EXPENDITURES			
Equipment	-	163,085	35,019
Filtration plant	-	501,317	4,286,237
	-	664,402	4,321,256
NET REVENUES (EXPENDITURES)	-	(556,678)	(2,116,988)
Transfer from operating fund	-	249,991	35,019
CHANGE IN CAPITAL FUND BALANCE	-	(306,687)	(2,081,969)
OPENING CAPITAL FUND BALANCE	-	(5,176,785)	(3,094,816)
CLOSING CAPITAL FUND BALANCE	-	(5,483,472)	(5,176,785)

**CORPORATION OF THE TOWN
OF DEEP RIVER
TRUST FUNDS**
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008



DEAN~SINCLAIR

CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Members of Council, Inhabitants, and Ratepayers of the
Corporation of the Town of Deep River

We have audited the statement of financial position of the **CORPORATION OF THE TOWN OF DEEP RIVER TRUST FUNDS** as at December 31, 2008 and the statement of continuity of trust funds for the year then ended. These financial statements are the responsibility of the Town'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 Town Trust Funds as at December 31, 2008 and the continuity of trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Licensed Public Accountants

Pembroke, Ontario
May 10, 2009

**CORPORATION OF THE TOWN OF DEEP RIVER
TRUST FUNDS**

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008

	Cemetery Care \$	Emergency Response Unit \$	Total 2008 \$	Total 2007 \$
ASSETS				
Cash	49,567	10,122	59,689	49,168
Investments (Note 2)	175,714	-	175,714	162,576
Accounts receivable	466	-	466	423
	<u>225,747</u>	<u>10,122</u>	<u>235,869</u>	<u>212,167</u>
 BALANCE - Capital	 <u>225,747</u>	 <u>10,122</u>	 <u>235,869</u>	 <u>212,167</u>

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWN OF DEEP RIVER TRUST FUNDS

STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 2008

	Cemetery Care \$	Emergency Response Unit \$	Total 2008 \$	Total 2007 \$
Balance at the beginning of the year	203,421	8,746	212,167	259,818
Capital Receipts				
Sale of plots	7,882	-	7,882	6,210
Emergency calls	-	2,800	2,800	-
Interest earned	14,444	254	14,698	10,148
	<u>22,326</u>	<u>3,054</u>	<u>25,380</u>	<u>16,358</u>
Expenditures				
Emergency response	-	1,678	1,678	2,861
Rescue vehicle contribution	-	-	-	61,148
	<u>-</u>	<u>1,678</u>	<u>1,678</u>	<u>64,009</u>
Balance at the end of the year	<u>225,747</u>	<u>10,122</u>	<u>235,869</u>	<u>212,167</u>

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWN OF DEEP RIVER TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation of the Town of Deep River Trust Funds are the representation of management, prepared in accordance with Canadian generally accepted accounting policies for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Capital Assets

The historical cost and accumulated depreciation for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the Statement of Continuity in the year of acquisition.

(b) Revenue Recognition

Revenue from emergency calls and cemetery plot sales are recorded in the period that the goods or services are provided.

Interest income is recorded as it is earned.

(c) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could vary from those estimates.

(d) Financial Instruments

Cash and investments are classified as held for trading and stated at fair value. The unrealized gain or loss on investments, being the difference between book value and fair value, is included in investment income in the Statement of Continuity. The fair value of investments is based on quoted market prices.

Accounts receivables are classified as receivables, which are measured at amortized cost.

2. INVESTMENTS

	2008	2007
Investment in Public Sector Group of Funds	\$	\$
• Bond Fund	<u>175,714</u>	<u>162,576</u>

The book value of the investments is \$174,231 (2007 - \$166,960).

3. FINANCIAL INSTRUMENTS

The Trust Fund's financial instruments consist of cash, investments and accounts receivable. The fair value of these financial instruments is approximately equal to their carrying value. It is management's opinion that the Trust Funds are not exposed to significant interest, currency or credit risks arising from these financial instruments.