

**CORPORATION OF THE  
TOWN OF DEEP RIVER**

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CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

# CORPORATION OF THE TOWN OF DEEP RIVER

## CONSOLIDATED FINANCIAL STATEMENTS

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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 consolidated statement of financial position of the **CORPORATION OF THE TOWN OF DEEP RIVER** as at December 31, 2007 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 Town'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 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 Town as at December 31, 2007 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants  
Licensed Public Accountants

Pembroke, Ontario  
March 10, 2008

# CORPORATION OF THE TOWN OF DEEP RIVER

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2007

	2007 \$	2006 \$
<b>FINANCIAL ASSETS</b>		
Cash	686,993	462,592
Investments (Note 2)	2,675,132	2,343,248
Taxes receivable	151,943	114,043
Trade and other receivables	942,670	1,591,278
Loan receivable (Note 3)	107,400	116,087
Prepaid expenses	4,923	3,970
Inventories (Note 1(c))	5,984	5,972
	<u>4,575,045</u>	<u>4,637,190</u>
<b>Total Assets</b>	<u>4,575,045</u>	<u>4,637,190</u>
<b>LIABILITIES</b>		
Temporary loans (Note 4)	2,661,780	2,661,780
Accounts payable and accrued liabilities	1,897,041	1,185,236
Deferred revenue - obligatory reserve fund (Note 5)	139,233	81,670
Long term liabilities (Note 6)	3,824,982	4,111,955
Employee future benefits payable (Note 7)	1,268,824	1,153,523
Solid waste landfill closure and post-closure liabilities (Note 8)	145,271	142,033
	<u>9,937,131</u>	<u>9,336,197</u>
<b>MUNICIPAL POSITION</b>		
Current fund (Note 9)	329,846	313,918
Capital fund	(4,262,509)	(3,176,305)
Reserves and reserve funds	3,809,654	3,570,891
	<u>(123,009)</u>	<u>708,504</u>
Amounts to be recovered from reserves and future revenues	(5,239,077)	(5,407,511)
<b>Municipal position</b>	<u>(5,362,086)</u>	<u>(4,699,007)</u>
<b>Total Liabilities and Municipal Position</b>	<u>4,575,045</u>	<u>4,637,190</u>

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

2.

# CORPORATION OF THE TOWN OF DEEP RIVER

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2007

	BUDGET 2007 \$	ACTUAL 2007 \$	ACTUAL 2006 \$
<b>REVENUES (Note 10)</b>			
Taxation	4,803,460	4,781,401	4,691,324
User charges	2,324,570	2,439,130	2,034,839
Government transfers	366,497	3,282,636	4,944,984
Other	155,230	555,034	723,021
	<u>7,649,757</u>	<u>11,058,201</u>	<u>12,394,168</u>
<b>EXPENDITURES</b>			
<b>Current operations</b>			
General government	918,415	841,250	852,460
Protection to persons and property	1,887,832	2,168,346	2,144,140
Transportation services	801,752	736,669	802,490
Environmental services	1,971,135	1,800,374	1,682,681
Health services	23,823	21,989	22,097
Recreation and cultural services	1,239,702	1,131,615	1,044,166
Planning and development	149,286	129,551	147,477
	<u>6,991,945</u>	<u>6,829,794</u>	<u>6,695,511</u>
<b>Capital</b>			
General government	55,793	6,295	12,428
Protection to persons and property	304,049	235,709	81,552
Transportation services	366,515	206,182	406,113
Environmental services	169,698	4,408,341	7,298,999
Recreation and cultural services	541,672	34,959	66,584
Planning and development	8,335	-	-
	<u>1,446,062</u>	<u>4,891,486</u>	<u>7,865,676</u>
<b>Total expenditures</b>	<u>8,438,007</u>	<u>11,721,280</u>	<u>14,561,187</u>
<b>NET REVENUES (EXPENDITURES)</b>	<u>(788,250)</u>	<u>(663,079)</u>	<u>(2,167,019)</u>
New debt issued	-	-	3,400,000
Debt principal repayments	(153,176)	(286,973)	(256,664)
Employee future benefits	-	115,301	282,701
Landfill closure and post-closure costs	-	3,238	346
<b>Increase (decrease) in amounts to be recovered</b>	<u>(153,176)</u>	<u>(168,434)</u>	<u>3,426,383</u>
<b>CHANGE IN FUND BALANCES</b>	<u>(941,426)</u>	<u>(831,513)</u>	<u>1,259,364</u>

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

3.

# CORPORATION OF THE TOWN OF DEEP RIVER

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2007

	2007 \$	2006 \$
<b>CASH FROM OPERATING ACTIVITIES</b>		
Net revenues (expenditures)	(663,079)	(2,167,019)
Changes in non-cash working capital		
Taxes receivable	(37,900)	22,689
Trade and other receivables	648,608	(1,439,296)
Loan receivable	8,687	9,809
Prepaid expenses	(953)	5,310
Inventories	(12)	(3,810)
Accounts payable and accrued liabilities	711,805	199,471
Employee benefits payable	115,301	282,701
Landfill closure and post-closure liabilities	3,238	347
Deferred revenue - obligatory reserve funds	<u>57,563</u>	<u>41,356</u>
Net cash from (used in) operating activities	<u>843,258</u>	<u>(3,048,442)</u>
<b>CASH FROM FINANCING ACTIVITIES</b>		
New debt issued	-	3,400,000
Payments on long-term debt	<u>(286,973)</u>	<u>(256,665)</u>
Net cash from (used in) financing activities	<u>(286,973)</u>	<u>3,143,335</u>
<b>INCREASE IN CASH POSITION</b>	556,285	94,893
<b>CASH POSITION, beginning of year</b>	<u>144,060</u>	<u>49,167</u>
<b>CASH POSITION, end of year</b>	<u><u>700,345</u></u>	<u><u>144,060</u></u>
Comprised of:		
Cash and temporary investments	3,362,125	2,805,840
Temporary loans	<u>(2,661,780)</u>	<u>(2,661,780)</u>
	<u>700,345</u>	<u>144,060</u>

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

4.

# CORPORATION OF THE TOWN OF DEEP RIVER

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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	8.667%

#### (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, 2007

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## 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 adjustment 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, 2007

## 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. INVESTMENTS

	2007	2006
	\$	\$
Investment in Public Sector Group of Funds		
• Bond Fund	<u>2,675,132</u>	<u>2,343,248</u>

The book value of the investments is \$2,720,746 (2006 - \$2,381,236).

## 3. 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.

# CORPORATION OF THE TOWN OF DEEP RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

## 4. TEMPORARY LOANS

	2007	2006
	\$	\$
Ontario Infrastructure Projects Corporation (OIPC) loan, interest payable monthly at the OIPC floating rate. As at December 31, 2007, the interest rate was 4.674%	<u>2,661,780</u>	<u>2,661,780</u>

## 5. DEFERRED REVENUE - OBLIGATORY RESERVE FUND

Deferred revenue is comprised of the Town's federal gas tax allocations for 2005, 2006 and 2007 plus accrued interest. This revenue must be expended on eligible projects and will be recognized when the expenditures are made.

## 6. LONG TERM LIABILITIES

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

	2007	2006
	\$	\$
6.8% loan from Province of Ontario, maturing December 31, 2011, repayable in blended annual instalments of \$42,319	143,994	174,450
6.41% fixed rate term loan, maturing December 2011, repayable in blended semi-annual instalments of \$40,229	261,410	321,952
6.72% fixed rate term loan, maturing December 2011, repayable in blended semi-annual instalments of \$41,684	266,835	328,886
5.45% fixed rate loan, maturing June 2012, repayable in blended monthly instalments of \$17,904	3,152,743	3,286,667
	<u>3,824,982</u>	<u>4,111,955</u>

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

2008	\$ 209,966
2009	223,507
2010	237,907
2011	201,253
2012	57,196
Thereafter	<u>2,895,153</u>
	<u>\$3,824,982</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.

# CORPORATION OF THE TOWN OF DEEP RIVER

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

### 7. EMPLOYEE FUTURE BENEFITS PAYABLE

	2007	2006
	\$	\$
Accrued vacation pay	208,484	200,436
Accumulated sick leave (Note 7 (a))	628,658	558,293
Post-retirement benefits (Note 7 (b))	431,682	394,794
	<u>1,268,824</u>	<u>1,153,523</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 \$5,570 (2006 - \$51,417) was paid to employees who left the municipality's employment during the current year. Reserves in the amount of \$70,658 (2006 - \$25,084) 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 2007 was determined by an actuarial valuation prepared as of December 31, 2006.

Information about the plan is as follows:

	2007	2006
	\$	\$
• Accrued benefit obligation at beginning of year	394,794	90,000
• Change in accounting estimate	-	270,745
• Current service cost	20,035	19,036
• Interest on accrued benefits	21,653	19,813
• Benefit payments	(4,800)	(4,800)
• Accrued benefit obligations at end of year	<u>431,682</u>	<u>394,794</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, 2007

### 8. 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 20.4% filled and has a remaining volume of 152,306 m<sup>3</sup>. At the current rate of usage, the landfill site is expected to close in 23 years or by December 31, 2030. 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 6.75% and is accrued based on site usage. Currently a liability of \$10,137 (Town share - \$5,271) has been accrued. The present value of estimated expenditures for closure and post-closure care is \$49,780 (Town share - \$25,886). The liability remaining to be recognized is \$39,643 (Town share - \$20,614).

### 9. CURRENT FUND BALANCES

Current fund balances consist of the following:

	2007	2006
To be used to offset taxation or user charges:	\$	\$
• Town	308,523	301,175
• Landfill Operations Board	21,323	11,750
• Airport Commission	-	993
	<u>329,846</u>	<u>313,918</u>

# CORPORATION OF THE TOWN OF DEEP RIVER

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

### 10. REVENUES

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

	BUDGET 2007 \$	ACTUAL 2007 \$	ACTUAL 2006 \$
<b>Taxation</b>			
Residential and farm taxation	3,610,289	3,619,588	3,485,614
Commercial, industrial and business taxation	804,513	814,846	827,616
Taxation from other governments	2,784,265	2,753,943	2,750,369
	7,199,067	7,188,377	7,063,599
Deduct: Amounts received or receivable for county and school boards (Note 11)	(2,395,607)	(2,406,976)	(2,372,275)
	4,803,460	4,781,401	4,691,324
<b>User Charges</b>	2,324,570	2,439,130	2,034,839
<b>Government Transfers</b>			
Government of Canada	73,203	379,767	2,177,594
Province of Ontario	269,349	2,831,635	2,741,922
Other municipalities	23,945	71,234	25,468
	366,497	3,282,636	4,944,984
<b>Other</b>			
Transfer from trust	109,944	61,148	-
AECL capital grant	-	308,635	542,904
Investment income	8,087	128,857	107,354
Penalties and interest on taxes	20,000	22,914	23,992
Sale of assets	-	-	21,352
Donations	1,600	9,188	8,230
Other	15,599	24,292	19,189
	155,230	555,034	723,021
	7,649,757	11,058,201	12,394,168

### 11. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF RENFREW

Further to notes 1(a) and 10, the taxation, other revenues and requisitions for the school boards and County of Renfrew are comprised of the following:

	School Boards \$	County \$	2007 \$	2006 \$
Taxation and user charges	835,508	1,069,025	1,904,533	1,878,912
Share of payments in lieu of taxes	-	502,443	502,443	493,363
Amounts requisitioned	835,508	1,571,468	2,406,976	2,372,275

# CORPORATION OF THE TOWN OF DEEP RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

## 12. TRUST FUNDS

Trust funds administered by the municipality amounting to \$212,167 (2007 - \$259,818) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

## 13. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 48 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 \$191,148 was contributed to OMERS for 2007 (2006 - \$186,706) 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.

## 14. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable, temporary bank 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.

## 15. 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.

## 16. PUBLIC SECTOR SALARY DISCLOSURE ACT, 1996

The Town of Deep River is an employer subject to the Public Sector Salary Disclosure Act. In 2007, the following employees were 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	110,371	1,018

## 17. 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, 2007

	BUDGET 2007 \$	ACTUAL 2007 \$	ACTUAL 2006 \$
<b>REVENUES</b>			
Taxation	4,803,460	4,781,401	4,691,324
User charges	2,324,570	2,439,130	2,034,839
Government transfers	366,497	355,629	434,036
Other	45,286	85,956	84,174
	<u>7,539,813</u>	<u>7,662,116</u>	<u>7,244,373</u>
<b>EXPENDITURES</b>			
General government	918,415	841,250	852,460
Protection to persons and property	1,887,832	2,168,346	2,144,140
Transportation services	801,752	736,669	802,490
Environmental services	1,971,135	1,800,374	1,682,681
Health services	23,823	21,989	22,097
Recreation and cultural services	1,239,702	1,131,615	1,044,166
Planning and development	149,286	129,551	147,477
	<u>6,991,945</u>	<u>6,829,794</u>	<u>6,695,511</u>
<b>NET REVENUES (EXPENDITURES)</b>	<u>547,868</u>	<u>832,322</u>	<u>548,862</u>
<b>FINANCING AND TRANSFERS</b>			
Debt principal	(153,176)	(286,973)	(256,664)
Employee benefits	-	115,301	282,701
Landfill closure and post closure costs	-	3,238	346
Transfer to capital	(507,389)	(177,558)	(127,934)
Transfer from (to) reserves and reserve funds	(201,643)	(470,402)	(556,393)
<b>Net financing and transfers</b>	<u>(862,208)</u>	<u>(816,394)</u>	<u>(657,944)</u>
<b>CHANGE IN CURRENT FUND</b>	<u>(314,340)</u>	<u>15,928</u>	<u>(109,082)</u>
<b>OPENING CURRENT FUND BALANCE</b>	<u>313,918</u>	<u>313,918</u>	<u>423,000</u>
<b>ENDING CURRENT FUND BALANCE</b>	<u>(422)</u>	<u>329,846</u>	<u>313,918</u>

# CORPORATION OF THE TOWN OF DEEP RIVER

## CONSOLIDATED SCHEDULE OF CAPITAL FUND OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2007

	BUDGET 2007 \$	ACTUAL 2007 \$	ACTUAL 2006 \$
<b>REVENUES</b>			
Government transfers	-	2,927,007	4,510,948
Other	109,944	369,783	542,904
	<u>109,944</u>	<u>3,296,790</u>	<u>5,053,852</u>
<b>EXPENDITURES</b>			
General government	55,793	6,295	12,428
Protection to persons and property	304,049	235,709	81,552
Transportation services	366,515	206,182	406,113
Environmental services	169,698	4,408,341	7,298,999
Recreation and cultural services	541,672	34,959	66,584
Health	8,335	-	-
	<u>1,446,062</u>	<u>4,891,486</u>	<u>7,865,676</u>
<b>NET REVENUES (EXPENDITURES)</b>	<u>(1,336,118)</u>	<u>(1,594,696)</u>	<u>(2,811,824)</u>
<b>FINANCING AND TRANSFERS</b>			
New debt issued	-	-	3,400,000
Transfers from current fund	507,389	177,558	127,934
Transfers from reserves and reserve funds	875,767	330,934	913,148
	<u>1,383,156</u>	<u>508,492</u>	<u>4,441,082</u>
<b>CHANGE IN CAPITAL FUND BALANCE</b>	47,038	(1,086,204)	1,629,258
<b>OPENING CAPITAL FUND BALANCE</b>	<u>(3,176,305)</u>	<u>(3,176,305)</u>	<u>(4,805,563)</u>
<b>CLOSING CAPITAL FUND BALANCE</b>	<u>(3,129,267)</u>	<u>(4,262,509)</u>	<u>(3,176,305)</u>

# CORPORATION OF THE TOWN OF DEEP RIVER

## CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2007

	2007	2006
	\$	\$
<b>REVENUES</b>		
Investment income	99,295	94,323
Police auction	-	1,620
<b>NET REVENUES</b>	<u>99,295</u>	<u>95,943</u>
<b>NET TRANSFERS FROM (TO) OTHER FUNDS</b>		
Transfers from (to) current fund	470,402	556,393
Transfers from (to) capital fund	<u>(330,934)</u>	<u>(913,148)</u>
	<u>139,468</u>	<u>(356,755)</u>
<b>CHANGE IN BALANCES</b>	238,763	(260,812)
<b>OPENING BALANCES</b>	<u>3,570,891</u>	<u>3,831,703</u>
<b>ENDING BALANCES</b>	<u>3,809,654</u>	<u>3,570,891</u>
<b>Analysed as follows:</b>		
Reserves set aside for specific purposes by Council		
Acquisition of capital assets	1,565	1,565
Sick leave and payroll contingency	70,658	25,084
Waterworks	683,176	656,605
Sewer	142,544	72,626
Working funds	50,000	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	18,822
Living legacy	4,425	4,425
Total reserves	<u>1,085,670</u>	<u>950,835</u>
Reserve funds set aside for specific purposes by Council		
Capital replacement	2,460,620	2,363,110
Hydro sale proceeds	219,906	213,601
Humanitarian donations	2,800	2,688
Airport operations	39,961	39,988
Other	697	669
Total reserve funds	<u>2,723,984</u>	<u>2,620,056</u>
<b>Total reserves and reserve funds</b>	<u>3,809,654</u>	<u>3,570,891</u>

# CORPORATION OF THE TOWN OF DEEP RIVER

## CONSOLIDATED SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2007

	2007	2006
	\$	\$
<b>CURRENT EXPENDITURES</b>		
Salaries, wages and employee benefits	3,614,754	3,675,767
Interest on long term liabilities	286,973	153,864
Transfers to external organizations	20,920	19,420
Materials, contracted services, rents and financial expenses	<u>2,907,147</u>	<u>2,846,460</u>
	<u>6,829,794</u>	<u>6,695,511</u>
<b>CAPITAL EXPENDITURES</b>		
Contracted services	4,343,887	7,491,692
Vehicle and equipment purchases	424,311	271,809
Interest	<u>123,288</u>	<u>102,175</u>
	<u>4,891,486</u>	<u>7,865,676</u>

**DEEP RIVER PUBLIC  
LIBRARY BOARD**  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007



## 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, 2007 and the statements of financial activities and changes in financial position 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, 2007 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants  
Licensed Public Accountants

Pembroke, Ontario  
February 21, 2008

# DEEP RIVER PUBLIC LIBRARY BOARD

## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2007

	2007	2006
	\$	\$
<b>FINANCIAL ASSETS</b>		
Grant receivable	-	2,900
Due from own municipality	14,640	11,106
	<u>14,640</u>	<u>14,006</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>4,962</u>	<u>4,878</u>
<b>MUNICIPAL POSITION</b>		
Operating fund	<u>9,678</u>	<u>9,128</u>
	<u>14,640</u>	<u>14,006</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, 2007

	BUDGET 2007 \$	ACTUAL 2007 \$	ACTUAL 2006 \$
<b>REVENUES</b>			
Town of Deep River	271,842	271,841	256,370
Province of Ontario	9,581	18,608	20,081
Federal Youth Employment grant	-	1,400	1,358
Industry Canada	-	-	7,162
Copier receipts	1,800	1,201	1,467
Fines and fees	10,500	9,096	9,399
Room and equipment rental	3,100	2,920	3,040
Audio visual income	7,000	5,766	6,576
Fundraising and miscellaneous	400	1,496	717
Donations	500	7,588	7,630
	<u>304,723</u>	<u>319,916</u>	<u>313,800</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
Salaries and employee benefits	180,971	180,723	173,757
Books, periodicals and non-print materials	50,166	60,627	53,388
Utilities and telephone	25,001	24,878	24,835
Copying expenses	2,765	2,218	2,085
Supplies	4,850	5,084	4,642
Office and general	3,455	2,028	1,920
Professional fees	9,268	2,006	1,400
Repairs and maintenance	29,789	29,159	30,729
Insurance	7,586	7,586	6,800
	<u>313,851</u>	<u>314,309</u>	<u>299,556</u>
<b>Capital</b>	<u>-</u>	<u>5,057</u>	<u>15,696</u>
<b>Total expenditures</b>	<u>313,851</u>	<u>319,366</u>	<u>315,252</u>
<b>NET (EXPENDITURES) REVENUES</b>	(9,128)	550	(1,452)
<b>FUND BALANCES, at the beginning of the year</b>	<u>9,128</u>	<u>9,128</u>	<u>10,580</u>
<b>FUND BALANCES, at the end of the year</b>	<u>-</u>	<u>9,678</u>	<u>9,128</u>

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

3.

# DEEP RIVER PUBLIC LIBRARY BOARD

## STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2007

	2007	2006
	\$	\$
<b>CASH FROM OPERATING ACTIVITIES</b>		
Net (expenditures) revenues	550	(1,452)
Changes in non-cash working capital		
Due from own municipality	(3,534)	10,238
Grant receivable	2,900	(2,900)
Accounts payable	84	(5,886)
Net cash from operating activities	-	-
<b>CASH, beginning of year</b>	-	-
<b>CASH, end of year</b>	-	-

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, 2007

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## 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

Grants 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.

# DEEP RIVER PUBLIC LIBRARY BOARD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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### 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 2007 was \$9,432 (2006 - \$9,188) for current service and is included as an expenditure in Statement of Financial Activities.

### 3. FINANCIAL INSTRUMENTS

The Board's financial instruments consist of grant receivable and 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.

# DEEP RIVER PUBLIC LIBRARY BOARD

## SCHEDULE OF CAPITAL FUND OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2007

	BUDGET 2007 \$	ACTUAL 2007 \$	ACTUAL 2006
<b>REVENUES</b>			
Province of Ontario	-	5,057	8,534
Industry Canada	-	-	7,162
	-	5,057	15,696
<b>EXPENDITURES</b>			
Computer equipment	-	5,057	15,696
<b>NET REVENUES</b>	-	-	-
<b>CHANGE IN CAPITAL FUND BALANCE</b>	-	-	-
<b>OPENING CAPITAL FUND BALANCE</b>	-	-	-
<b>CLOSING CAPITAL FUND BALANCE</b>	-	-	-

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, 2007



## 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, 2007 and the statements of financial activities and changes in financial position 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, 2007 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants  
Licensed Public Accountants

Pembroke, Ontario  
February 19, 2008

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

STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2007

	2007	2006
	\$	\$
<b>FINANCIAL ASSETS</b>		
Accounts receivable	<u>16,602</u>	<u>17,662</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	368,042	52,741
Advances from own municipality	<u>4,142,169</u>	<u>2,403,132</u>
	<u>4,510,211</u>	<u>2,455,873</u>
<b>MUNICIPAL POSITION</b>		
Capital fund (unfinanced)	(5,176,785)	(3,094,816)
Reserve (Note 2)	<u>683,176</u>	<u>656,605</u>
	<u>(4,493,609)</u>	<u>(2,438,211)</u>
	<u>16,602</u>	<u>17,662</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, 2007

	BUDGET 2007 \$	ACTUAL 2007 \$	ACTUAL 2006 \$
<b>REVENUES</b>			
Sale of water	738,578	742,902	722,264
Hydrant rental	42,512	42,512	42,512
Other operating revenues	12,032	17,389	16,281
Filtration plant grants and contributions	-	2,204,268	4,878,125
	<u>793,122</u>	<u>3,007,071</u>	<u>5,659,182</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
Administration	103,596	67,480	79,837
Plant operations and water treatment	534,752	622,272	496,305
Water transmission and distribution	67,600	51,461	40,234
	<u>705,948</u>	<u>741,213</u>	<u>616,376</u>
<b>Capital</b>			
Equipment	116,500	35,019	-
Filtration plant	-	4,286,237	6,874,316
	<u>116,500</u>	<u>4,321,256</u>	<u>6,874,316</u>
<b>Total expenditures</b>	<u>822,448</u>	<u>5,062,469</u>	<u>7,490,692</u>
<b>NET (EXPENDITURES) REVENUES</b>	(29,326)	(2,055,398)	(1,831,510)
<b>FUND BALANCES, at the beginning of the year</b>	<u>(2,438,211)</u>	<u>(2,438,211)</u>	<u>(606,701)</u>
<b>FUND BALANCES, at the end of the year</b>	<u>(2,467,537)</u>	<u>(4,493,609)</u>	<u>(2,438,211)</u>

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

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

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007	2006
	\$	\$
<b>CASH FROM OPERATING ACTIVITIES</b>		
Net (expenditures)	(2,055,398)	(1,831,510)
Changes in non-cash working capital		
Accounts receivable	1,060	(1,202)
Accounts payable	<u>163,757</u>	<u>19,940</u>
Net cash (used in) operating activities	(1,890,581)	(1,812,772)
<b>CASH FROM FINANCING ACTIVITIES</b>		
Advances from own municipality	<u>1,890,581</u>	<u>1,812,772</u>
<b>CASH POSITION, beginning of year</b>	-	-
<b>CASH POSITION, end of year</b>	<u>-</u>	<u>-</u>

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

# CORPORATION OF THE TOWN OF DEEP RIVER WATERWORKS

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

---

## 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, 2007

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## **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. 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, 2007

	BUDGET 2007 \$	ACTUAL 2007 \$	ACTUAL 2006 \$
<b>REVENUES</b>			
Sale of water	738,578	742,902	722,264
Hydrant rental	42,512	42,512	42,512
Other	12,032	17,389	16,281
	<u>793,122</u>	<u>802,803</u>	<u>781,057</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
Administration	103,596	67,480	79,837
Plant operations and water treatment	534,752	622,272	496,305
Water transmission and distribution	67,600	51,461	40,234
	<u>705,948</u>	<u>741,213</u>	<u>616,376</u>
<b>NET REVENUES</b>	<u>87,174</u>	<u>61,590</u>	<u>164,681</u>
<b>Financing and transfers</b>			
Transfer to capital fund	(116,500)	(35,019)	(40,288)
Transfer from (to) reserve	29,326	(26,571)	(124,393)
	<u>(87,174)</u>	<u>(61,590)</u>	<u>(164,681)</u>
<b>CHANGE IN CURRENT FUND BALANCE</b>	-	-	-
<b>OPENING CURRENT FUND BALANCE</b>	-	-	-
<b>CLOSING CURRENT FUND BALANCE</b>	-	-	-

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

SCHEDULE OF CAPITAL FUND OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	BUDGET 2007 \$	ACTUAL 2007 \$	ACTUAL 2006 \$
<b>REVENUES</b>			
Filtration plant grants and contribution	-	2,204,268	4,878,125
<b>EXPENDITURES</b>			
Equipment	116,500	35,019	-
Filtration plant	-	4,286,237	6,874,316
	<u>116,500</u>	<u>4,321,256</u>	<u>6,874,316</u>
<b>NET REVENUES (EXPENDITURES)</b>	(116,500)	(2,116,988)	(1,996,191)
Transfer from operating fund	<u>116,500</u>	<u>35,019</u>	<u>40,288</u>
<b>CHANGE IN CAPITAL FUND BALANCE</b>	-	(2,081,969)	(1,955,903)
<b>OPENING CAPITAL FUND BALANCE</b>	<u>-</u>	<u>(3,094,816)</u>	<u>(1,138,913)</u>
<b>CLOSING CAPITAL FUND BALANCE</b>	<u>-</u>	<u>(5,176,785)</u>	<u>(3,094,816)</u>

**CORPORATION OF THE TOWN  
OF DEEP RIVER  
TRUST FUNDS**  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007



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, 2007 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, 2007 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  
February 28, 2008

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

STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2007

	Cemetery Care \$	Emergency Response Unit \$	Total 2007 \$	Total 2006 \$
<b>ASSETS</b>				
Cash	40,422	8,746	49,168	103,259
Investments (Note 2)	162,576	-	162,576	156,559
Accounts receivable	423	-	423	-
	<u>203,421</u>	<u>8,746</u>	<u>212,167</u>	<u>259,818</u>
 BALANCE - Capital	<u>203,421</u>	<u>8,746</u>	<u>212,167</u>	<u>259,818</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, 2007

	Cemetery Care \$	Emergency Response Unit \$	Total 2007 \$	Total 2006 \$
<b>Balance at the beginning of the year</b>	<u>189,595</u>	<u>70,223</u>	<u>259,818</u>	<u>204,231</u>
<b>Capital Receipts</b>				
JEPP grant	-	-	-	40,000
Sale of plots	6,210	-	6,210	8,165
Emergency calls	-	-	-	1,400
Interest earned	7,616	2,532	10,148	7,787
	<u>13,826</u>	<u>2,532</u>	<u>16,358</u>	<u>57,352</u>
<b>Expenditures</b>				
Emergency response	-	2,861	2,861	1,765
Rescue vehicle contribution	-	61,148	61,148	-
	<u>-</u>	<u>64,009</u>	<u>64,009</u>	<u>1,765</u>
<b>Balance at the end of the year</b>	<u>203,421</u>	<u>8,746</u>	<u>212,167</u>	<u>259,818</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, 2007

## 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

	2007	2006
	\$	\$
Investment in Public Sector Group of Funds		
• Bond Fund	<u>162,576</u>	<u>156,559</u>

The book value of the investments is \$166,960 (2006 - \$166,352).

## 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.